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PERSPECTIVES

ON LABOUR AND INCOME

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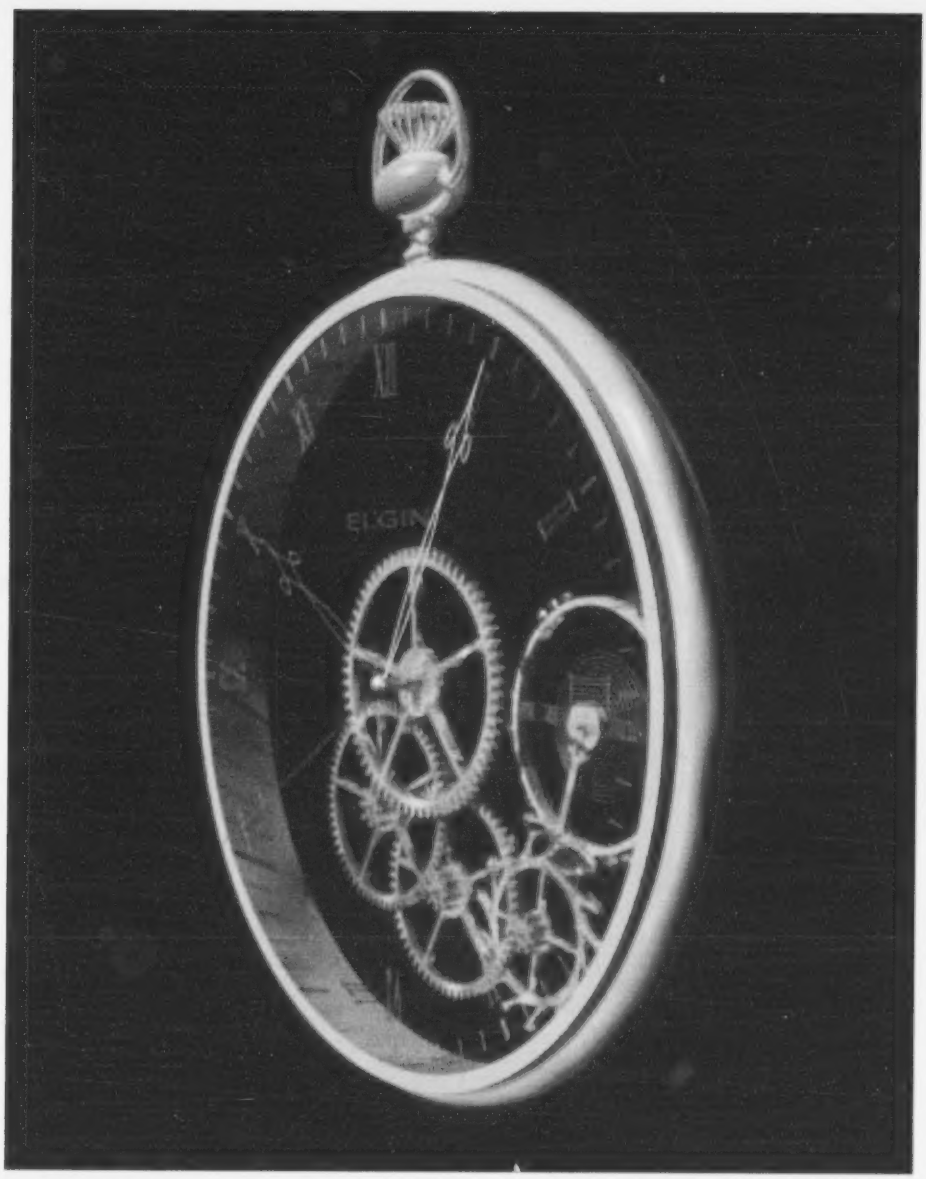
- 2002—A GOOD YEAR IN THE LABOUR MARKET
- PROFILING RRSP CONTRIBUTORS
- 2000 INCOME: AN OVERVIEW



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. not available for any reference period
.. not available for a specific reference period
... not applicable
p preliminary
r revised
x confidential
E use with caution
F too unreliable to be published

Highlights

In this issue

2002—a good year in the labour market

- From January to December 2002, employment jumped 560,000 (3.7%). At the end of the year, the proportion of the working age-population employed was 62.4%, the highest on record.
- In 2002, the unemployment rate fell half a point to 7.5%. Had it not been for a large jump in labour market participation, the rate would have dropped more. At the end of the year, the participation rate hit 67.5%, up a full point for the year, tying the high of January 1990.
- Firms in most industries were hiring in 2002, but the largest gain came in manufacturing where the ranks of the employed jumped 125,000 (5.6%).
- The resurgence of manufacturing in Canada, combined with the boom in home construction, led to an increase of 211,000 (3.1%) in employment among adult men. While manufacturing accounted for a large portion of the 244,000 (4.2%) newly employed adult women, more significant gains for this group were made in health care and social assistance, as well as in education.
- Youth employment expanded 104,000 (4.5%) in 2002, in part because of the greater availability of part-time jobs. Overall, part-time work increased by a considerable 223,000 (8.1%).
- Employment increased in almost every province, but two-thirds of the gain was in Ontario and Quebec.

Profiling RRSP contributors

- People most likely to be RRSP contributors include those with investments outside registered plans and those with contributing spouses.
- When other factors are held constant, younger people are more likely to contribute than older people, and self-employed people are more likely to contribute than their employed counterparts.
- Among employees, those with pensions are more likely to contribute at low incomes, but the trend is reversed at high incomes.
- High personal income is an important predictor of participation, but having a higher-income spouse with RRSP room may reduce a person's likelihood of contributing.
- Women are more likely contributors than men, except when both spouses have RRSP room. However, the presence of children affects women's likelihood of contributing more than men's. Children in general are associated with a decreased likelihood of contribution, but having children 18 and over in the home may increase it.
- With everything else being equal, people in legal marriages are usually more likely to contribute than people in common-law relationships—the sole exception being women whose partners have RRSP room.

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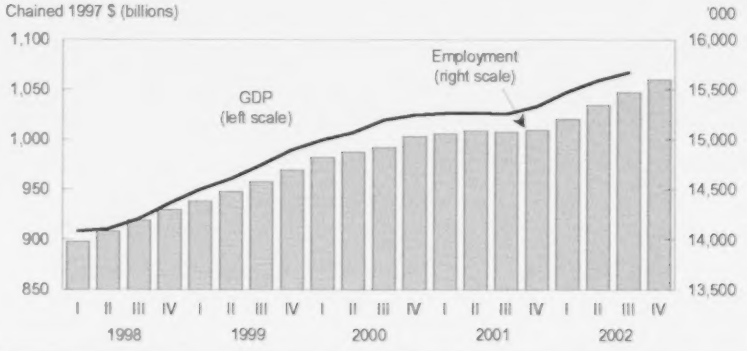
2002—a good year in the labour market

Geoff Bowlby

FOR THE LABOUR MARKET, 2002 was another year that defied expectations. Few had expected it to improve, but improve it did—dramatically.

In its original 2002 forecast, the Organisation for Economic Co-operation and Development (OECD) predicted employment growth of 1.3%, a forecast that was later revised to 1.6% (OECD 2001; OECD 2002). But the actual increase came in even higher—on an annual average basis, employment grew 2.2% in 2002. Comparing December with December (the focus in this article), the increase was even more pronounced.

Chart A: Employment soared in 2002, boosted by renewed economic growth



Sources: Labour Force Survey; System of National Accounts, seasonally adjusted

Record employment rate

By the end of 2002, employment had jumped 560,000 (3.7%) from where it began the year (Chart A). In December, the proportion of the working-age population employed was 62.4%, the highest on record.

As a result, the unemployment rate fell half a point to 7.5%. Had it not been for a large jump in labour market participation, the rate would have dropped more (Chart B). At the end of the year, the participation rate hit 67.5%, up a full point for the year, tying the high of January 1990.

A strong economy was behind the well-rounded improvement in the labour market. Between the third quarter of 2001, when the economy was at its low point for that year, and the third quarter of 2002, gross domestic product increased 4.0%. Consumer and gov-

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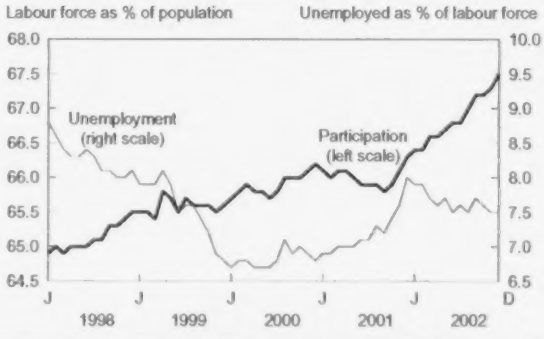
Chart B: A sharp rise in participation checked the decline in the unemployment rate.



Source: Labour Force Survey, seasonally adjusted

ernment spending maintained the strong pace of 2001 while business spending remained slow. In 2002, however, housing and exports picked up considerably.

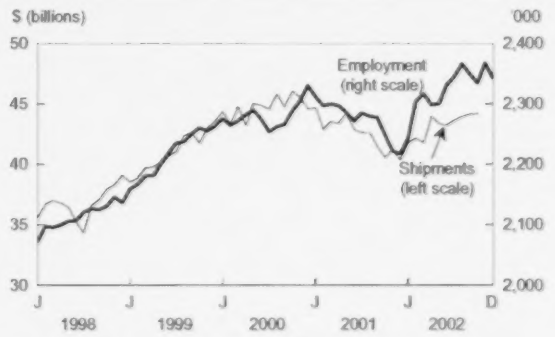
Most industries hired, especially manufacturing

Firms in most industries were hiring in 2002, but the largest gain came in manufacturing, where the ranks of the employed jumped 125,000 (5.6%), a sharp contrast to the 112,000 (-4.8%) decline in 2001 (Table 1). Since factory employment is very sensitive to general economic conditions, manufacturing was the main source of both the weakness in 2001 and the strength in 2002 (Chart C).

Within manufacturing, the gains were widespread, but the largest increases for the year came in food manufacturing and machinery production.

Compared with December 2001, employment in food processing was up 23,000 (9.8%), with broadly based gains in the type of food production. The Survey of Employment, Payroll and Hours indicated the largest employment gains at plants producing dairy products, seafood, meat products, and bakery products. After motor vehicles and parts, food manufacturing was the second largest factory employer in 2002.

Chart C: Manufacturing shipments and employment rebounded sharply in 2002.



Sources: Labour Force Survey; Monthly Survey of Manufacturing, seasonally adjusted

Machinery manufacturing employment expanded 19,000 (16.6%) in 2002. This industry, which largely supplies other manufacturers as well as the construction industry, enjoyed a rebound from 2001, when employment fell by 6.6% as industrial production in Canada and the United States declined significantly.

Although it ended the year on a negative note, the automotive sector helped drive the upward trend in manufacturing for much of 2002. During the January to October period, motor vehicle shipments in Canada were 7.6% higher than the same period a year earlier. Growth in U.S. automotive shipments was also very strong—up 9.9% in the first 10 months of the year. As a result, Canadian parts plants expanded output to feed the increased production at North American assembly plants, jumping 10.1% in the 10 months.

Early in the year, the added production had a notable effect on employment. By August, automotive and parts employment was over 15% higher than a year earlier. However, as sales softened in the United States in the last quarter of

Table 1: Employment by industry

	December 2002	Change from 2001	
		'000	%
Total employed	**15,649.8**	**559.6**	**3.7**
Goods-producing sector	**4,011.9**	**220.5**	**5.8**
Agriculture	355.2	42.5	13.6
Forestry, fishing, mining, oil and gas	270.2	-20.7	-7.1
Utilities	133.2	11.5	9.4
Construction	911.0	62.4	7.4
Manufacturing	2,342.2	124.8	5.6
Services-producing sector	**11,637.9**	**339.1**	**3.0**
Trade	2,446.2	13.7	0.6
Transportation and warehousing	765.7	20.0	2.7
Finance, insurance, real estate and leasing	903.5	30.7	3.5
Professional, scientific and technical services	1,021.0	51.3	5.3
Management, administrative and support	612.2	43.2	7.6
Educational services	1,050.0	79.3	8.2
Health care and social assistance	1,654.5	89.7	5.7
Information, culture and recreation	693.1	-3.7	-0.5
Accommodation and food services	1,015.9	24.7	2.5
Other services	694.9	-3.3	-0.5
Public administration	780.9	-6.6	-0.8

Source: Labour Force Survey, seasonally adjusted

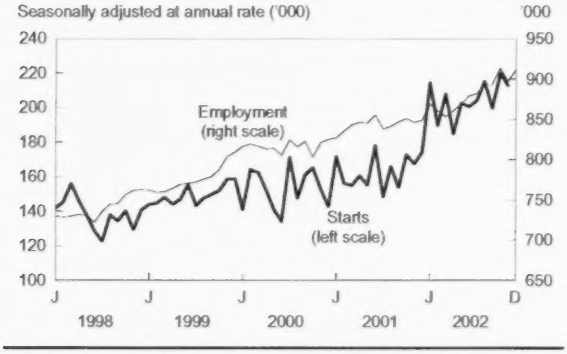
the year, automobile inventories began to increase, resulting in the need to slow or halt assembly at a number of plants.

In December, automotive layoffs increased markedly, as Ford temporarily closed its Oakville van plant and its facilities in St. Thomas, shutdowns expected to last into January. General Motors also began layoffs in December at its Ingersoll, Ontario, facility. Furthermore, DaimlerChrysler announced in December that it would close all three of its assembly operations for part of January, 2003. The temporary shutdown of these large facilities likely had a significant spin-off effect on employment at parts suppliers. In total, employment in motor vehicles and parts fell 21,000 in December alone, eliminating all the gains made earlier in the year.

Housing boom and manufacturing gains drove jobs for adult men

As mentioned, residential investment took off in 2002. According to Canada Mortgage and Housing Corporation, new housing starts in November were up a remarkable 27.0% from the same month in 2001 (Chart D). As a result, employment in construction jumped 62,000 or 7.4% during 2002. The housing boom also led to some significant spin-off employment in furniture manufacturing and retailing, building material retailing, real estate sales, and banking.

Chart D: Construction jobs continued to climb, aided by a surge in housing starts.



Sources: Labour Force Survey, seasonally adjusted; Canada Mortgage and Housing Corporation

Table 2: Selected labour market estimates for major age-sex groups

	December 2002	Change from 2001	
	'000		%
Employment	**15,649.8**	***559.6***	***3.7***
Men	8,359.8	*270.6*	*3.3*
15 to 24	1,224.4	*59.2*	*5.1*
25 and older	7,135.3	*211.2*	*3.1*
Women	7,290.0	*289.0*	*4.1*
15 to 24	1,180.1	*45.0*	*4.0*
25 and older	6,109.9	*244.0*	*4.2*
Unemployment	**1,275.9**	***-42.9***	***-3.3***
Men	729.7	*-36.1*	*-4.7*
15 to 24	218.7	*-1.3*	*-0.6*
25 and older	511.0	*-34.8*	*-6.4*
Women	546.2	*-6.8*	*-1.2*
15 to 24	149.6	*-4.8*	*-3.1*
25 and older	396.7	*-1.9*	*-0.5*
			%-point
Unemployment rate	**7.5**		***-0.5***
Men	8.0		*-0.6*
15 to 24	15.2		*-0.7*
25 and older	6.7		*-0.6*
Women	7.0		*-0.3*
15 to 24	11.3		*-0.7*
25 and older	6.1		*-0.3*

Source: Labour Force Survey, seasonally adjusted

The gains in manufacturing and construction had a major effect on employment among adult men. In 2002, overall employment increased 211,000 (3.1%), with 47% of the increase occurring in manufacturing or construction. This drove the unemployment rate for adult men down 0.6 points to end the year at 6.7% (Table 2).

Adult women benefited from health and education spending

Employment for adult women jumped 244,000 (4.2%) in 2002. While 20% of the increase came from manufacturing, more significant gains were made in health care and social assistance, as well as in education. By the end of the year, the unemployment rate for adult women was 6.1%, down 0.3 points.

Non-defence government spending was up 2.8% between the third quarters of 2001 and 2002. The employment data suggest that much of that spending went to hire staff at hospitals, schools, and in the

federal government, pushing the ranks of the public sector up 120,000 (4.2%) to a level not seen since 1993.

In a year that the Canadian Institute for Health Information forecast health care spending to be up 6.3% to $112.2 billion, employment in health care and social assistance increased 90,000 (5.7%), the largest increase since 1989. Since 1997, health care spending has risen 30%, compared with gains of only 6% in the 1992-1996 period. Employment in the industry, meanwhile, jumped 19% in the last five years, up considerably from the 5% increase from 1992 to 1996.

Strong gains were made in all areas of the health care and social assistance industry in 2002. Social assistance groups, hospitals, nursing homes and ambulatory care facilities all stepped up hiring. By the end of 2002, the number of female nurses had increased 21,000, a jump of almost 10%.

A considerable number of adult women were also hired as teachers (21,000 or 5.8%). In 2002, employment in education jumped 79,000 (8.2%), a significant change from the payroll cuts in 2000 and the flat trend in 2001. The largest increases came in Ontario and Quebec, where education spending was expected to rise by 2.3% and 5.7% respectively in 2002-2003.

Employment in public administration was essentially unchanged in 2002 (-0.8%), but only because large gains at the federal level were offset by losses in local government. Between December 2001 and December 2002, federal government employment increased 19,000 (7.0%), while local government employment fell by a similar amount. Adult women enjoyed the lion's share of the increase in federal government employment (17,000). Together, health care, manufacturing, education, and public administration accounted for 52% of the employment gain for adult women.

More part-time jobs for youth

The general improvement in the labour market extended to youths in 2002. Youth employment increased 104,000 (4.5%) between December 2001 and December 2002. While retail and wholesale trade employment was little changed for the year, a large increase in youth employment in the industry was offset by losses among adults. Youth employment in restaurants and bars also expanded in 2002. At the end of the year, their unemployment rate was 13.3%, down 0.7 percentage points.

Youth employment expanded in 2002, in part because of the greater availability of part-time jobs (Chart E).

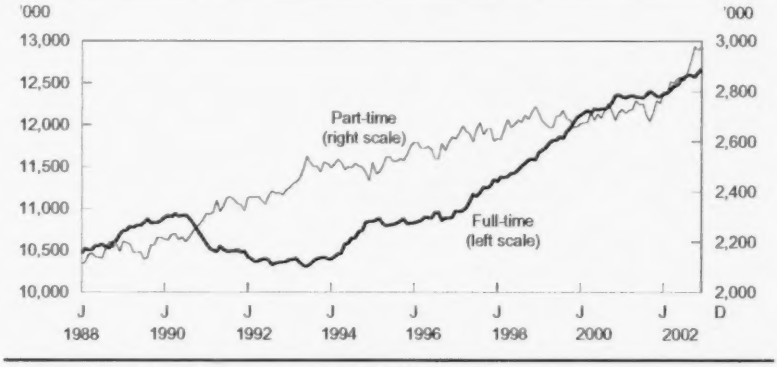
Overall, part-time work increased by a considerable 223,000 (8.1%), with a third of that gain coming in retail and wholesale trade, or accommodation and food. A smaller but still notable proportion of the part-time increase came from the education and health care sector.

Part-time employment growth was strong, but the increase in full-time was healthy as well. All of the increase in manufacturing and construction employment came in the form of full-time work, helping push full-time up 336,000 or 2.7%. The year before, in 2001, full-time employment fell 26,000 (-0.2%).[1]

Hours worked up, productivity too

After scaling back on hours during the previous year, employers were more likely to hand out overtime cheques in 2002. In December 2002, 2.9 million employees were working overtime, an increase of over half a million from the same month a year earlier. This, combined with the strong employment

Chart E: Part-time jobs increased strongly in 2002, but so did full-time.



Source: Labour Force Survey, seasonally adjusted

growth, helped drive the total number of hours worked in Canada to 523 million in December, an increase of 3.3% over December 2001.

While employers were hiring and making greater use of overtime, private-sector employees were also more productive. From the third quarter of 2001 to the third quarter of 2002, labour productivity increased 2.6%, comparable with the above-average annual growth rates recorded in 1999 and 2000. Although median hourly wages rose 2.4% in 2002, increased productivity meant that the cost per worker for employers—unit labour costs—was essentially unchanged for the year.

Flat labour costs undoubtedly helped the bottom line for corporations in Canada, whose profits were up sharply in 2002. Profits jumped 9.2% in the first quarter, followed by a surge of 13.0% in the second quarter, and a modest 2.6% in the third.

Productivity gains in Canada were positive, but not as large as the changes in the United States. Economic growth in the U.S. was 3.2% between the third quarters of 2001 and 2002, but employment growth was anemic. As a result, output per hour worked in the U.S. shot up 5.6%, much greater than the gain in Canada.

Canadian labour market in better shape

The greater U.S. labour productivity gain was perhaps the only negative point of comparison between the Canadian and American labour markets. As employment rose in Canada throughout the year while eking out only weak gains in the United States, the persistent gaps in employment and participation rates disappeared. By November, a greater proportion of Canadians than Americans were employed (Chart F). The Canadian unemployment rate was higher than that in the U.S. throughout 2002, but only because Canadians were more likely than Americans to be looking for work.[2]

Employment gains widespread

Employment increased in almost every province in 2002, but almost two-thirds of the gains were in Ontario or Quebec (slightly greater than their share of the population). In the first half of the year, the story was in Quebec, where employment increased by 128,000 or 3.7% from January to June. In the next six months, the national trend was driven by Ontario and its 129,000 (2.1%) new jobs.

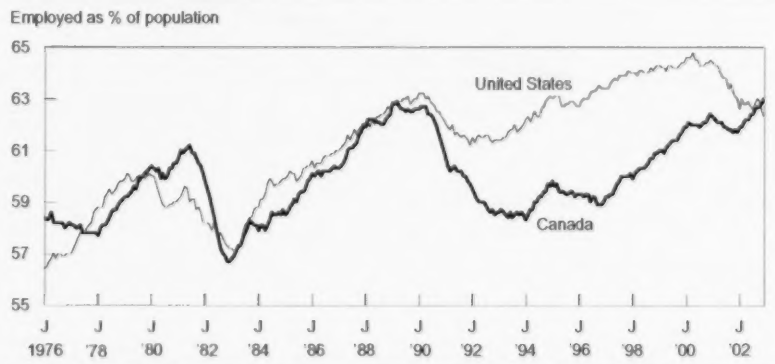
At the end of the year, employment was up significantly in both provinces. In Ontario, the year saw gains of 3.3% (196,000), a contrast to 2001 when the increase was only 0.2%. Even though employment in Ontario was sharply improved in 2002, the unemployment rate ended the year at 7.0%, up slightly from where it began in January.

In Quebec, employment ended the year up 168,000 (4.8%), capping its best year on record. The strong employment gains pushed the unemployment rate to 8.4%, down from 9.7% at the start of the year. In December, the proportion of the population in Quebec that was employed, 60.3%, was the highest since at least 1976.[3]

Almost two-thirds of the employment gain in Quebec occurred in Montréal, where employment jumped 108,000 (6.4%). This caused the unemployment rate in the city to drop 1.4 points to 8.4% and the employment rate to leap 3 points to 63.0%.

Although employment in Montréal increased by more than it did in Toronto, the labour market in Toronto in 2002 was still very strong. However, while employment in Canada's largest city increased 75,000 (2.9%) in 2002,

Chart F: The Canadian employment rate surpassed the U.S. rate in November 2002.



Sources: Labour Force Survey (Canada); Current Population Survey (United States), seasonally adjusted

the unemployment rate stayed at 7.0%. Since Toronto's employment growth was slightly larger than its robust population growth, the employment rate increased marginally (0.1 points) to hit 65.1% at the end of the year.

Both Ontario and Quebec had employment gains in the same four industries: manufacturing, construction, education, and health care and social assistance. With manufacturing shipments up 5.1% in Quebec and 10.9% in Ontario, factory employment in each province expanded by over 5%. Housing starts were up strongly in both provinces, but especially in Quebec where they were 55% higher in November than a year earlier. The added construction activity meant an extra 20,000 (14.2%) construction workers were employed in Quebec by the end of 2002, with another 23,000 (6.6%) added in Ontario.

Employment growth was also strong in British Columbia (81,000 or 4.2%) between December 2001 and December 2002. The unemployment rate for British Columbia was 8.3% at the end of 2002, down 1.4 points for the year. Since the increase in 2002 was a rebound from the large declines of the previous year, by December, employment in the province was only slightly higher (20,000 or 1.0%) than two years earlier.

Like many other provinces, British Columbia gained from the construction boom and the resurgence in manufacturing. In November, housing starts were up 51% from the same month a year earlier, leading to job gains of 16,000 (15.3%) in construction. As well, factory employment increased by 22,000 (12.1%) as manufacturers in the province increased output 8.6% between October 2001 and the same month in 2002. The increase in construction and manufacturing activity may have had spin-off effects on employment in two related areas: finance, insurance and real estate (20,000 or 18.7%); and transportation (15,000 or 15.1%).

Almost all of the increase in jobs in British Columbia was in the lower mainland area. Within that region, Vancouver had an additional 63,000 employed people at year-end, an increase of 6.1%, enough to push the unemployment rate in that city to 7.8% in December (-1.3 points). In contrast, employment in Victoria, where civil service cuts were felt in 2002, fell 1.5%, causing the unemployment rate to rise 0.7 points to 6.8% by December.

Labour market conditions in Alberta continued their long-term improvement in 2002. Employment increased 63,000 (3.9%). Because of added labour market participation, the unemployment rate in the province, at 5.1%, was unchanged for the year. Over half of the gains over 2002 were in the Edmonton area.

The share of working age Albertans who were employed at year-end was 69.8%, far higher than in any other province. In fact, the employment rate in Alberta ranked very high among all North American jurisdictions. In November, only Minnesota, Nebraska, Wisconsin, Iowa, and South Dakota in the United States had higher employment rates than Alberta.

Although oil and gas employment in Alberta increased sharply in the last quarter of 2002, it ended the year down 16,000 (-14.4%). A lag normally occurs between changes in oil prices and oil patch employment; the job gains late in the year were in response to the upward trend in oil prices that began at the start of the year. Gains in agriculture, manufacturing and construction were more than enough to offset the losses in oil and gas, leaving the broader goods-producing sector in the province up 3.7% (17,000). The services sector in Alberta expanded at a similar rate (3.9%).

Employment in Saskatchewan rebounded significantly from the declines in 2001. In that province, employment jumped 26,000 or 5.5%, the fastest rate of growth of any province. While the labour market in Saskatoon improved considerably in 2002, it failed to do so in Regina. In Saskatoon, the unemployment rate fell half a point to 6.4% in December, and the employment rate hit 67.0% at year-end, a jump of 3.9 points. In Regina, the unemployment rate was essentially unchanged at 5.4% but the employment rate slipped 0.2 points to 68.4%.

The only other province where employment grew faster than the rate of growth for the nation as a whole was New Brunswick. In that province, an additional 13,000 (3.9%) people were employed by December, dropping the unemployment rate 1.2 points to 10.2% and pushing the employment rate to 57.5% (1.9 points).

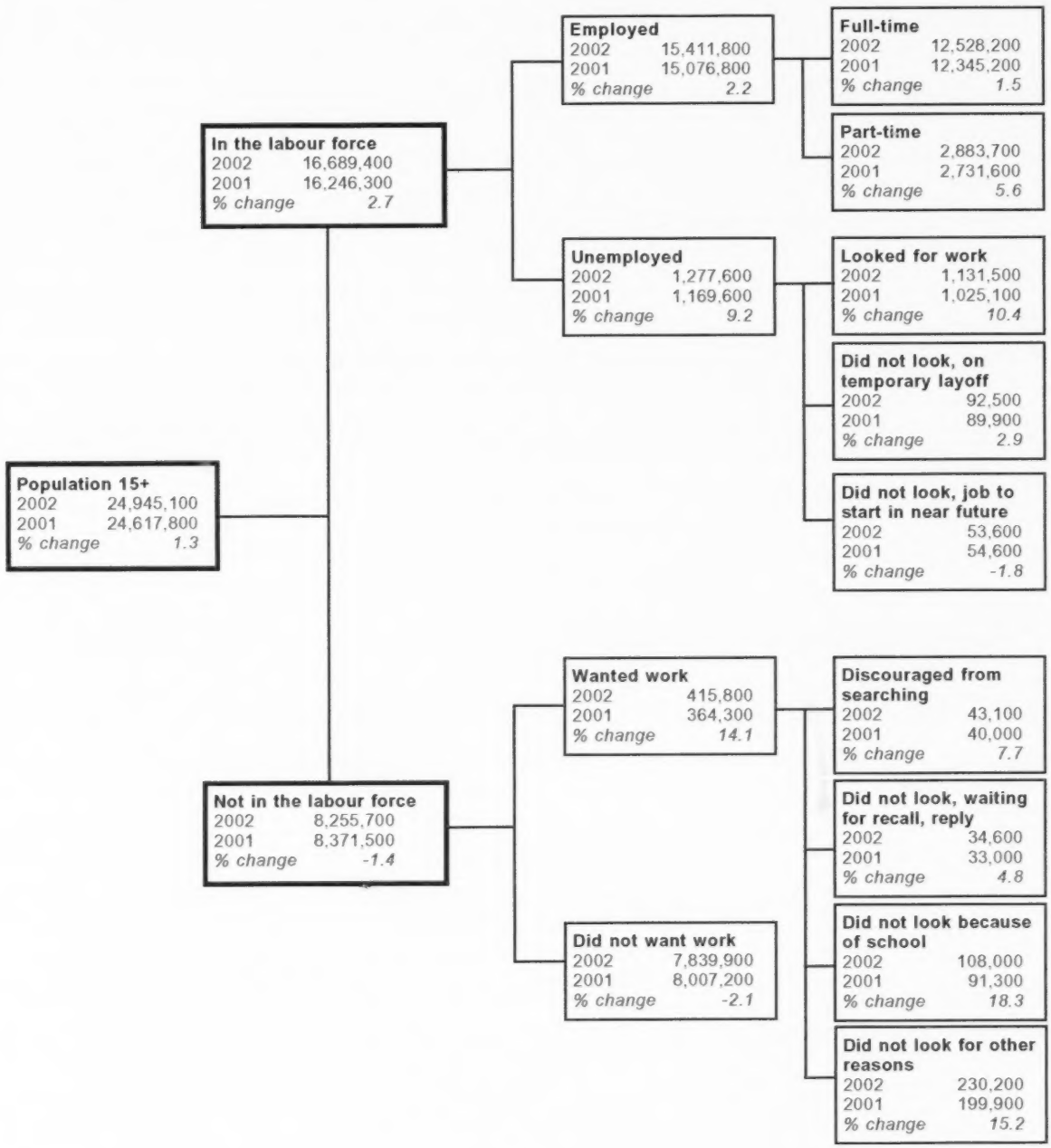
Notes

1 See a forthcoming *Perspectives* article by M. Tabi and S. Langlois for more detail on the quality of job growth in 2002.

2 For more information, see "The labour market: Up north, down south" by G. Bowlby and J. Usalcas in the December 2002 online edition of *Perspectives*.

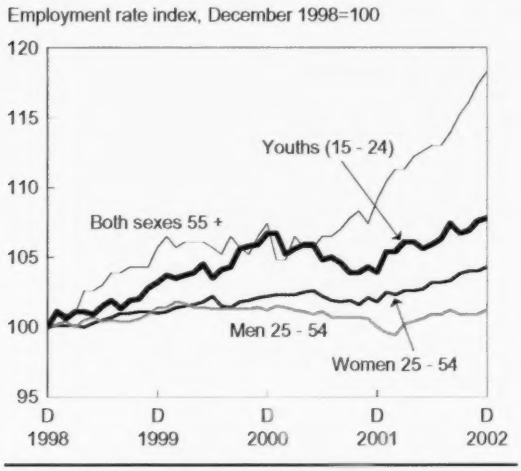
3 The Labour Force Survey began in 1946 but has changed the way it measures employment and unemployment. The current data are compatible only with those collected since 1976.

Labour force status of Canada's working-age population



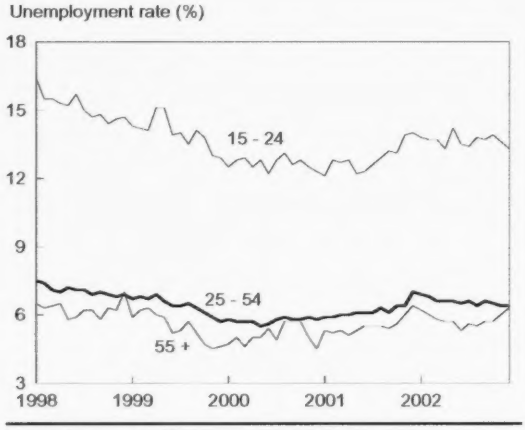
Source: Labour Force Survey, annual averages

In 2002, the employment rate for older workers increased the most.



Source: Labour Force Survey, seasonally adjusted

The unemployment rate decreased for all age groups in 2002.



Source: Labour Force Survey, seasonally adjusted

In percentage terms, employment growth outpaced population growth for all age groups in 2002.

	December level			December-to-December change			
	1998	2001	2002	1998 to 2002	2001 to 2002	1998 to 2002	2001 to 2002
	'000			'000		%	
Population 15 +	**23,805.3**	**24,764.1**	**25,087.4**	***1,282.1***	***323.3***	***5.4***	***1.3***
Youths (15 - 24)	4,018.9	4,115.2	4,145.9	*127.0*	*30.7*	*3.2*	*0.7*
Men 25 - 54	6,806.4	7,009.6	7,042.7	*236.3*	*33.1*	*3.5*	*0.5*
Women 25 - 54	6,825.7	7,005.5	7,034.9	*209.2*	*29.4*	*3.1*	*0.4*
Both sexes 55 +	6,154.3	6,633.8	6,863.9	*709.6*	*230.1*	*11.5*	*3.5*
Employment 15 +	**14,316.7**	**15,090.2**	**15,649.8**	***1,333.1***	***559.6***	***9.3***	***3.7***
Youths (15 - 24)	2,164.0	2,300.3	2,404.5	*240.5*	*104.2*	*11.1*	*4.5*
Men 25 - 54	5,764.3	5,936.7	6,035.9	*271.6*	*99.2*	*4.7*	*1.7*
Women 25 - 54	4,970.6	5,190.5	5,342.3	*371.7*	*151.8*	*7.5*	*2.9*
Both sexes 55 +	1,417.8	1,662.7	1,867.0	*449.2*	*204.3*	*31.7*	*12.3*
Unemployment 15 +	**1,270.1**	**1,318.8**	**1,275.9**	***5.8***	***-42.9***	***0.5***	***-3.3***
Youths (15 - 24)	372.8	374.4	368.3	*-4.5*	*-6.1*	*-1.2*	*-1.6*
Men 25 - 54	441.1	478.8	434.0	*-7.1*	*-44.8*	*-1.6*	*-9.4*
Women 25 - 54	350.2	352.7	347.3	*-2.9*	*-5.4*	*-0.8*	*-1.5*
Both sexes 55 +	106.0	112.9	126.4	*20.4*	*13.5*	*19.2*	*12.0*

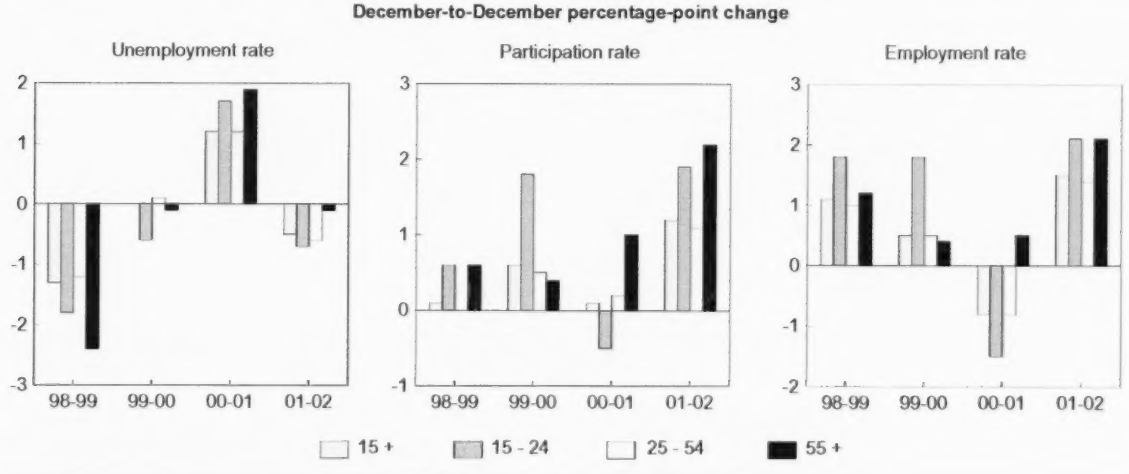
Source: Labour Force Survey, seasonally adjusted

Rising labour force participation slowed decreases in unemployment rates.

	December level			December-to-December change	
	1998	2001	2002	1998 to 2002	2001 to 2002
		%		%-point	
Unemployment rate 15 +	**8.1**	**8.0**	**7.5**	***-0.6***	***-0.5***
Youths (15 - 24)	14.7	14.0	13.3	*-1.4*	*-0.7*
Men 25 - 54	7.1	7.5	6.7	*-0.4*	*-0.8*
Women 25 - 54	6.6	6.4	6.1	*-0.5*	*-0.3*
Both sexes 55 +	7.0	6.4	6.3	*-0.7*	*-0.1*
Participation rate 15 +	**65.5**	**66.3**	**67.5**	***2.0***	***1.2***
Youths (15 - 24)	63.1	65.0	66.9	*3.8*	*1.9*
Men 25 - 54	91.2	91.5	91.9	*0.7*	*0.4*
Women 25 - 54	78.0	79.1	80.9	*2.9*	*1.8*
Both sexes 55 +	24.8	26.8	29.0	*4.2*	*2.2*
Employment rate 15 +	**60.1**	**60.9**	**62.4**	***2.3***	***1.5***
Youths (15 - 24)	53.8	55.9	58.0	*4.2*	*2.1*
Men 25 - 54	84.7	84.7	85.7	*1.0*	*1.0*
Women 25 - 54	72.8	74.1	75.9	*3.1*	*1.8*
Both sexes 55 +	23.0	25.1	27.2	*4.2*	*2.1*

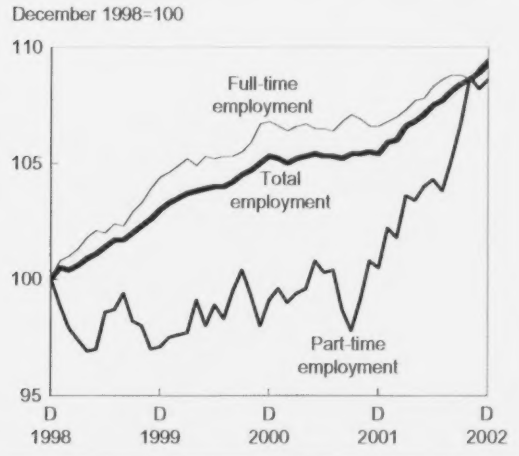
Source: Labour Force Survey, seasonally adjusted

Employment rates in 2002 more than recovered from 2001.



Source: Labour Force Survey, seasonally adjusted

The rise in overall employment in 2002 split between full-time and part-time.

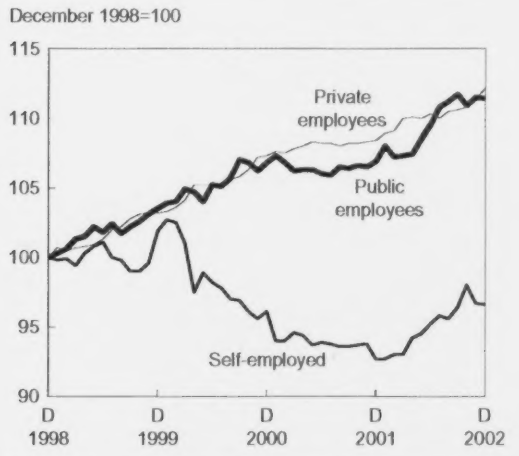


Source: Labour Force Survey, seasonally adjusted

	Employment	Full-time	Part-time
		'000	
December level			
1998	14,316.7	11,576.9	2,739.9
2001	15,090.2	12,337.2	2,753.0
2002	15,649.8	12,673.5	2,976.3
Absolute change			
1998 to 2002	*1,333.1*	*1,096.6*	*236.4*
2001 to 2002	*559.6*	*336.3*	*223.3*
		%	
Percentage change			
1998 to 2002	*9.3*	*9.5*	*8.6*
2001 to 2002	*3.7*	*2.7*	*8.1*

Source: Labour Force Survey, seasonally adjusted

Self-employment increased strongly in 2002.



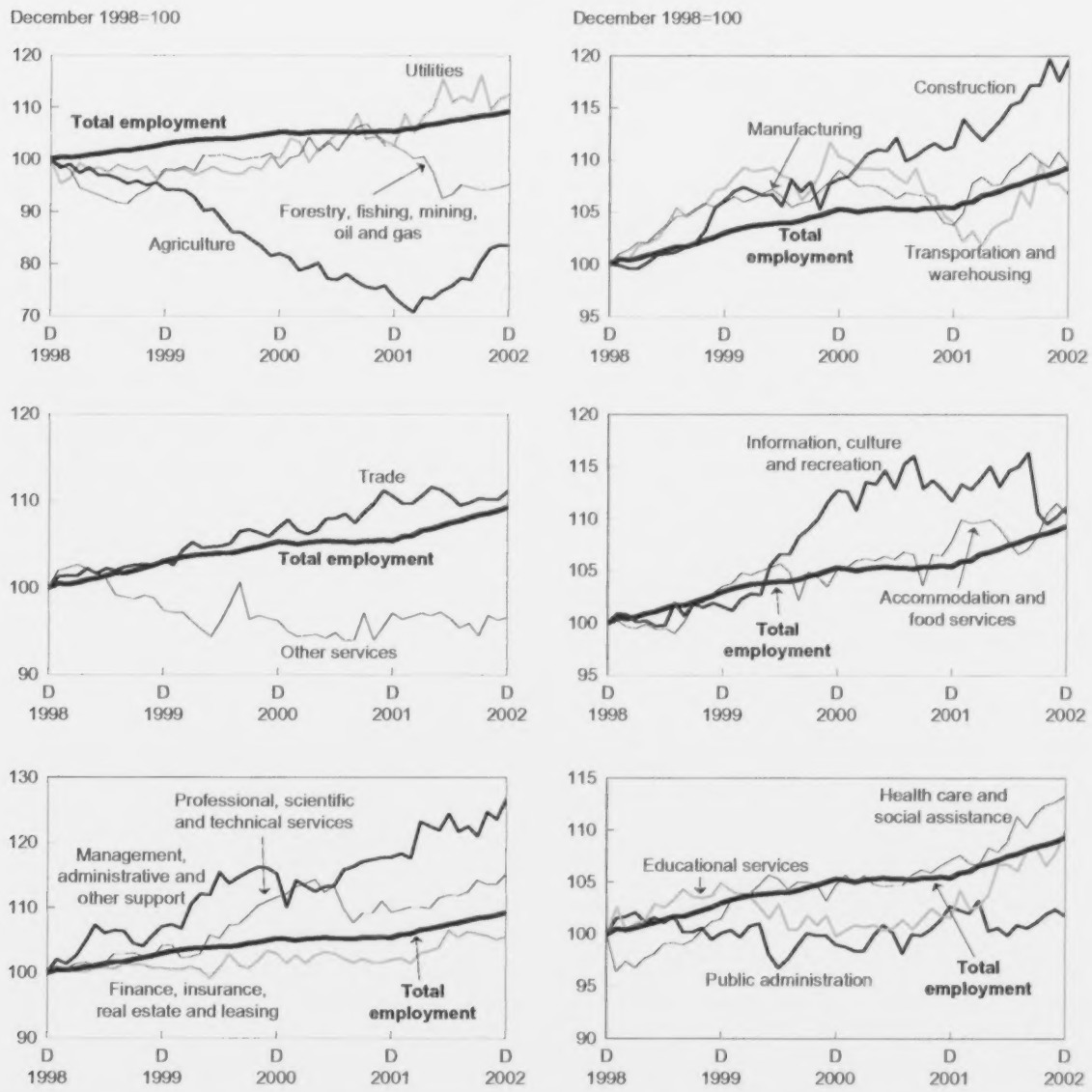
Source: Labour Force Survey, seasonally adjusted

	Total employment	Employees		Self-employed
		Public	Private	
		'000		
December level				
1998	14,316.7	2,650.5	9,204.0	2,462.2
2001	15,090.2	2,833.8	9,974.8	2,281.6
2002	15,649.8	2,953.4	10,317.9	2,378.5
Absolute change				
1998 to 2002	*1,333.1*	*302.9*	*1,113.9*	*-83.7*
2001 to 2002	*559.6*	*119.6*	*343.1*	*96.9*
		%		
Percentage change				
1998 to 2002	*9.3*	*11.4*	*12.1*	*-3.4*
2001 to 2002	*3.7*	*4.2*	*3.4*	*4.2*

Source: Labour Force Survey, seasonally adjusted

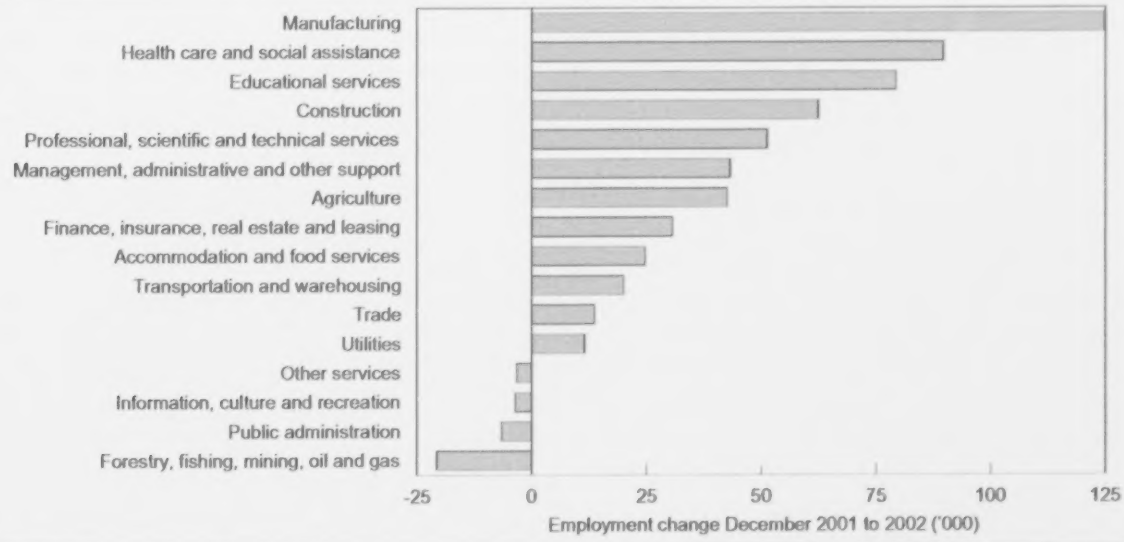
Over the last four years, employment growth has been strongest in construction, and management, administrative and other support industries.

Employment index



Source: Labour Force Survey, seasonally adjusted

Employment increases were seen in the majority of industries in 2002.

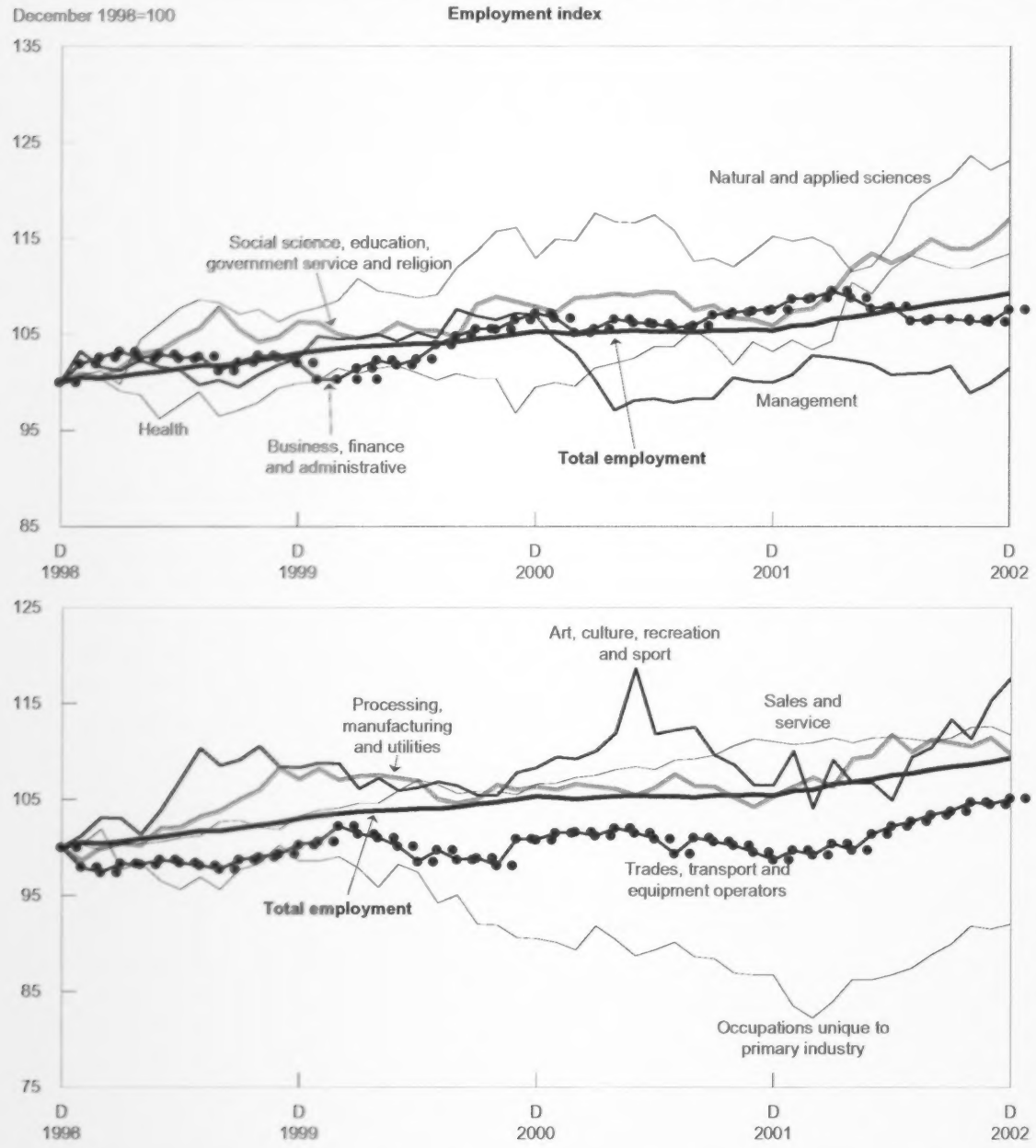


Source: Labour Force Survey, seasonally adjusted

	December level			December-to-December change			
	1998	2001	2002	1998 to 2002	2001 to 2002	1998 to 2002	2001 to 2002
	'000			'000		%	
All industries	**14,316.7**	**15,090.2**	**15,649.8**	**1,333.1**	**559.6**	**9.3**	**3.7**
Goods-producing	3,725.7	3,791.4	4,011.9	286.2	220.5	7.7	5.8
Agriculture	424.7	312.7	355.2	-69.5	42.5	-16.4	13.6
Forestry, fishing, mining, oil and gas	283.4	290.9	270.2	-13.2	-20.7	-4.7	-7.1
Utilities	118.4	121.7	133.2	14.8	11.5	12.5	9.4
Construction	762.5	848.6	911.0	148.5	62.4	19.5	7.4
Manufacturing	2,136.7	2,217.4	2,342.2	205.5	124.8	9.6	5.6
Services-producing	10,591.0	11,298.8	11,637.9	1,046.9	339.1	9.9	3.0
Trade	2,201.4	2,432.5	2,446.2	244.8	13.7	11.1	0.6
Transportation and warehousing	716.9	745.7	765.7	48.8	20.0	6.8	2.7
Finance, insurance, real estate and leasing	856.1	872.8	903.5	47.4	30.7	5.5	3.5
Professional, scientific and technical services	887.1	969.7	1,021.0	133.9	51.3	15.1	5.3
Management, administrative and other support	483.1	569.0	612.2	129.1	43.2	26.7	7.6
Educational services	955.6	970.7	1,050.0	94.4	79.3	9.9	8.2
Health care and social assistance	1,461.3	1,564.8	1,654.5	193.2	89.7	13.2	5.7
Information, culture and recreation	624.0	696.8	693.1	69.1	-3.7	11.1	-0.5
Accommodation and food services	919.5	991.2	1,015.9	96.4	24.7	10.5	2.5
Other services	719.2	698.2	694.9	-24.3	-3.3	-3.4	-0.5
Public administration	766.9	787.5	780.9	14.0	-6.6	1.8	-0.8

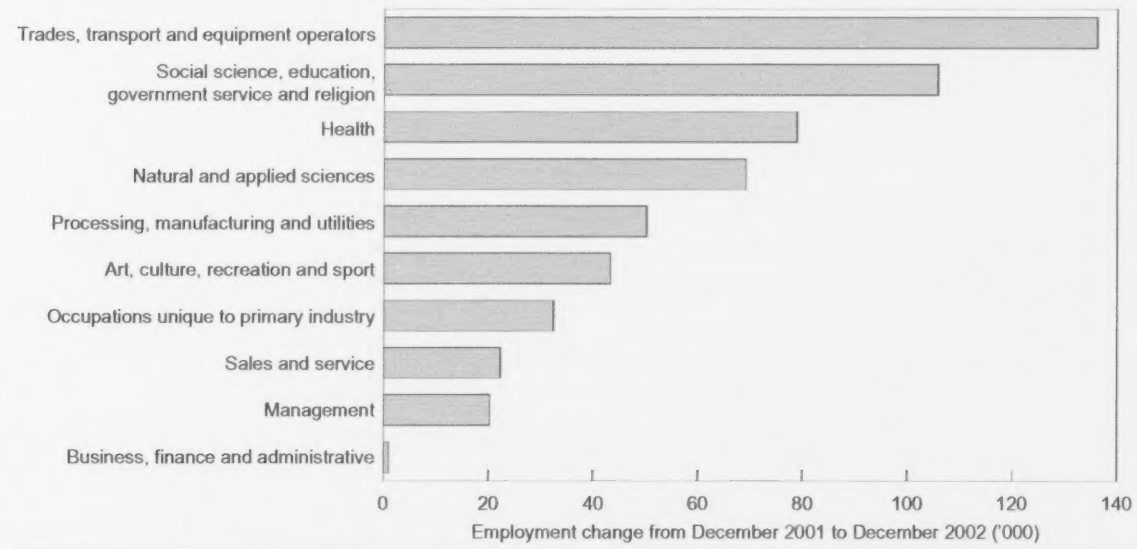
Source: Labour Force Survey, seasonally adjusted

Since 1998, natural and applied science occupations increased the most in percentage terms. This group includes computer programmers, systems analysts and computer engineers.



Source: Labour Force Survey, seasonally adjusted

Trades, transport and equipment operators, increased the most. Business, finance and administrative occupations saw almost no increase.

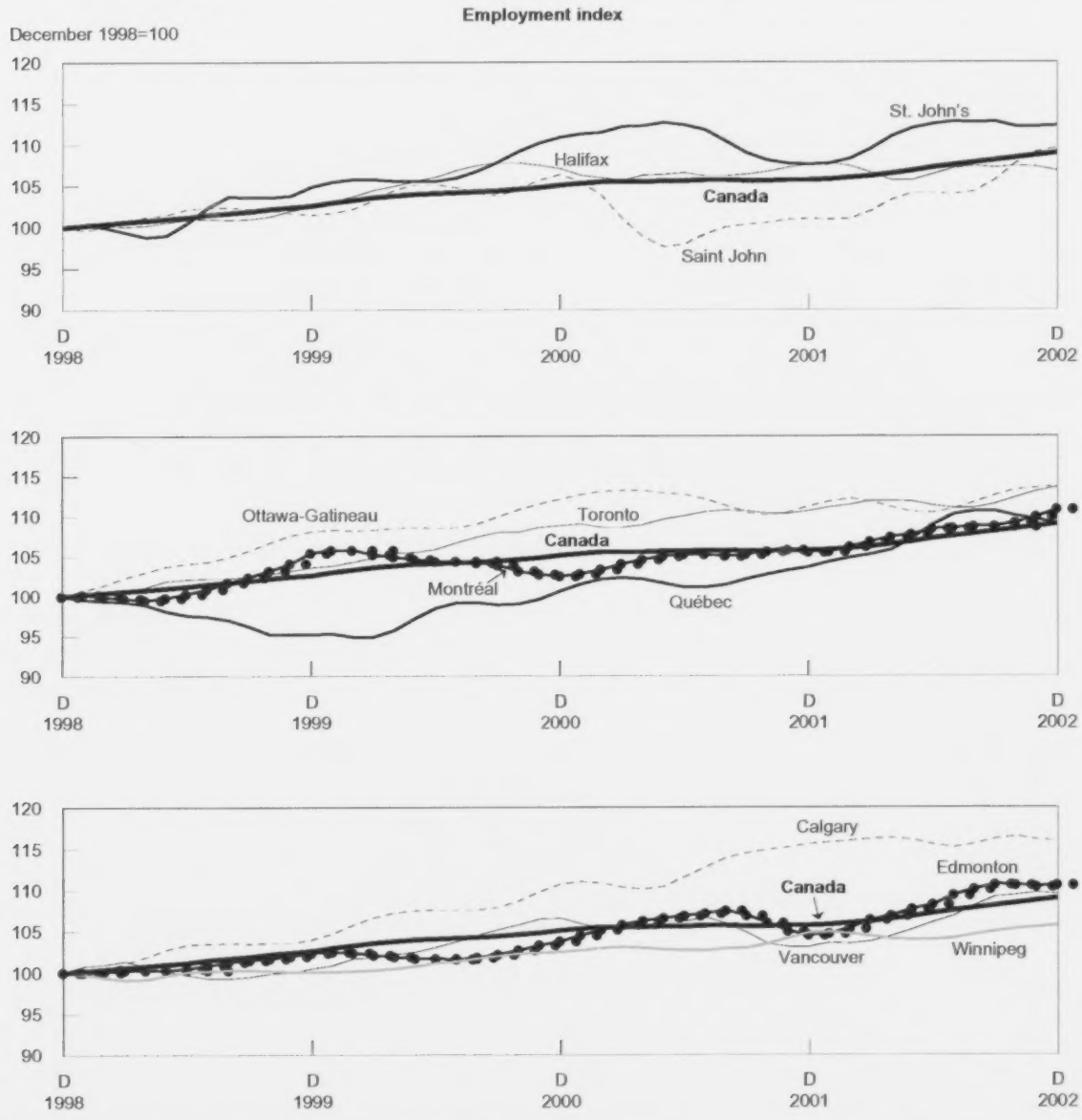


Source: Labour Force Survey, seasonally adjusted

	December level			December-to-December change			
	1998	2001	2002	1998 to 2002	2001 to 2002	1998 to 2002	2001 to 2002
	'000			'000		%	
All occupations	**14,316.7**	**15,090.2**	**15,649.8**	***1,333.1***	***559.6***	***9.3***	***3.7***
Management	1,354.6	1,354.2	1,374.5	*19.9*	*20.3*	*1.5*	*1.5*
Business, finance and administrative	2,556.9	2,751.2	2,752.2	*195.3*	*1.0*	*7.6*	*0.0*
Natural and applied sciences	871.4	1,003.5	1,072.6	*201.2*	*69.1*	*23.1*	*6.9*
Health	777.4	802.5	881.4	*104.0*	*78.9*	*13.4*	*9.8*
Social science, education, government service and religion	953.5	1,009.5	1,115.3	*161.8*	*105.8*	*17.0*	*10.5*
Art, culture, recreation and sport	389.9	415.1	458.4	*68.5*	*43.3*	*17.6*	*10.4*
Sales and service	3,529.1	3,918.3	3,940.6	*411.5*	*22.3*	*11.7*	*0.6*
Trades, transport and equipment operators	2,128.3	2,100.1	2,236.3	*108.0*	*136.2*	*5.1*	*6.5*
Occupations unique to primary industry	608.0	527.1	559.5	*-48.5*	*32.4*	*-8.0*	*6.1*
Processing, manufacturing and utilities	1,147.8	1,208.7	1,258.9	*111.1*	*50.2*	*9.7*	*4.2*

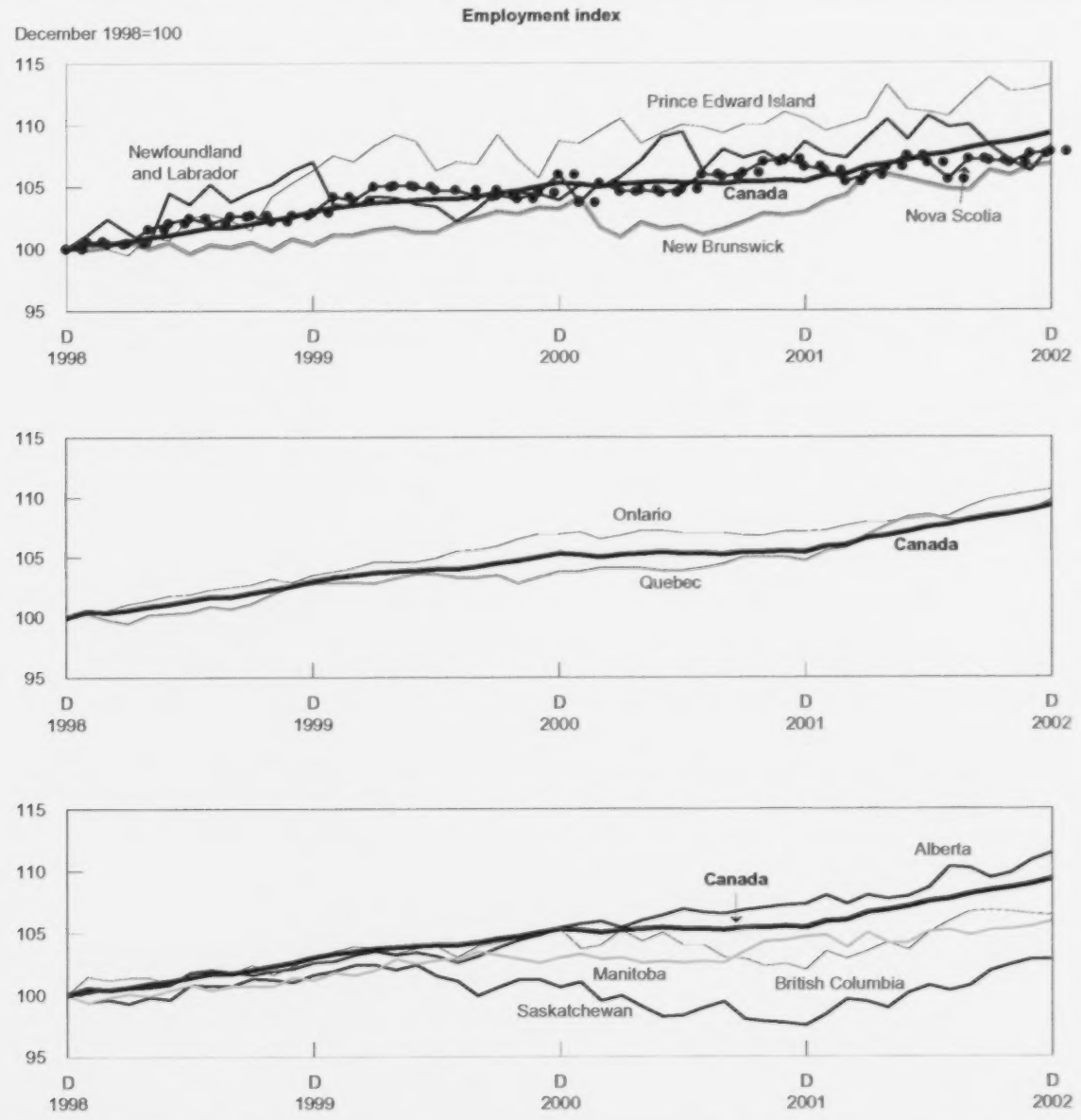
Source: Labour Force Survey, seasonally adjusted

Employment in Calgary has increased more than in any other city over the last four years.



Source: Labour Force Survey, seasonally adjusted, three-month moving average

In percentage terms, job growth was strongest in Saskatchewan in 2002.



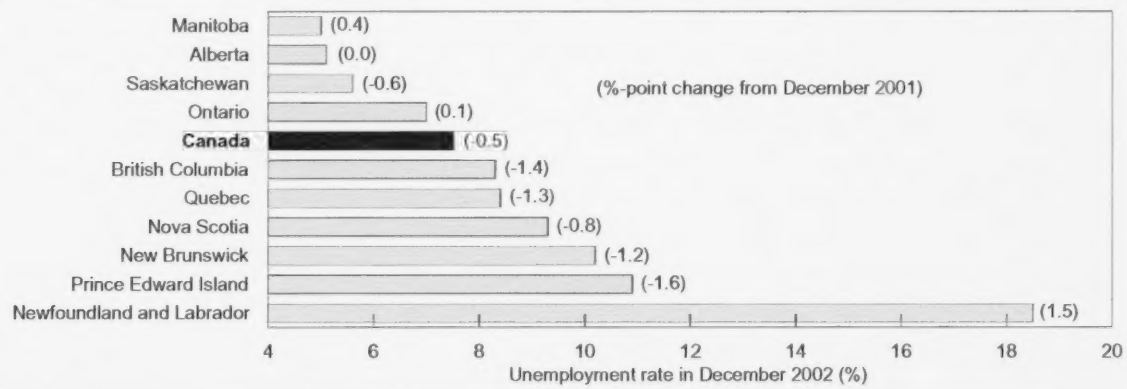
Source: Labour Force Survey, seasonally adjusted

Ontario and Quebec had the greatest number of newly employed people in 2002, but only Quebec saw a decrease in the number of unemployed.

	December level			December-to-December change			
	1998	2001	2002	1998 to 2002	2001 to 2002	1998 to 2002	2001 to 2002
	'000			'000		%	
Employed							
Canada	**14,316.7**	**15,090.2**	**15,649.8**	***1,333.1***	***559.6***	***9.3***	***3.7***
Newfounland and Labrador	197.3	214.2	213.5	*16.2*	*-0.7*	*8.2*	*-0.3*
Prince Edward Island	60.0	66.3	67.9	*7.9*	*1.6*	*13.2*	*2.4*
Nova Scotia	401.0	427.5	432.3	*31.3*	*4.8*	*7.8*	*1.1*
New Brunswick	327.6	337.0	350.0	*22.4*	*13.0*	*6.8*	*3.9*
Quebec	3,329.9	3,486.4	3,654.2	*324.3*	*167.8*	*9.7*	*4.8*
Ontario	5,574.9	5,970.1	6,166.1	*591.2*	*196.0*	*10.6*	*3.3*
Manitoba	540.2	565.5	572.3	*32.1*	*6.8*	*5.9*	*1.2*
Saskatchewan	478.2	466.2	491.8	*13.6*	*25.6*	*2.8*	*5.5*
Alberta	1,532.8	1,644.1	1,707.5	*174.7*	*63.4*	*11.4*	*3.9*
British Columbia	1,874.8	1,913.0	1,994.2	*119.4*	*81.2*	*6.4*	*4.2*
Unemployed							
Canada	**1,270.1**	**1,318.8**	**1,275.9**	***5.8***	***-42.9***	***0.5***	***-3.3***
Newfounland and Labrador	45.3	43.9	48.5	*3.2*	*4.6*	*7.1*	*10.5*
Prince Edward Island	10.5	9.5	8.3	*-2.2*	*-1.2*	*-21.0*	*-12.6*
Nova Scotia	43.9	47.9	44.4	*0.5*	*-3.5*	*1.1*	*-7.3*
New Brunswick	43.1	43.3	39.8	*-3.3*	*-3.5*	*-7.7*	*-8.1*
Quebec	382.9	375.7	336.3	*-46.6*	*-39.4*	*-12.2*	*-10.5*
Ontario	414.4	445.2	465.2	*50.8*	*20.0*	*12.3*	*4.5*
Manitoba	32.8	27.5	30.3	*-2.5*	*2.8*	*-7.6*	*10.2*
Saskatchewan	31.8	30.9	29.1	*-2.7*	*-1.8*	*-8.5*	*-5.8*
Alberta	92.3	88.7	92.5	*0.2*	*3.8*	*0.2*	*4.3*
British Columbia	173.0	206.4	181.6	*8.6*	*-24.8*	*5.0*	*-12.0*

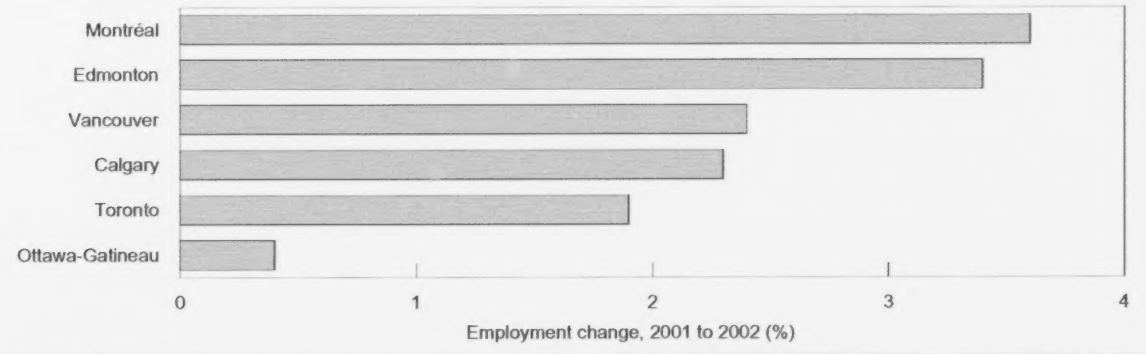
Source: Labour Force Survey, seasonally adjusted

Unemployment rates decreased in most provinces in 2002.



Source: Labour Force Survey, seasonally adjusted

In Canada's six largest cities, the average level of employment increased most in Montréal and Edmonton.



Source: Labour Force Survey, annual averages

	Annual average			Change			
	1998	2001	2002	1998 to 2002	2001 to 2002	1998 to 2002	2001 to 2002
	'000			'000		%	
Canada	**14,140.4**	**15,076.8**	**15,411.8**	***1,271.40***	***335.0***	***9.0***	***2.2***
St. John's	78.8	85.9	87.8	*9.0*	*1.9*	*11.4*	*2.2*
Halifax	172.2	183.8	183.6	*11.4*	*-0.2*	*6.6*	*-0.1*
Saint John	56.7	58.1	61.8	*5.1*	*3.7*	*9.0*	*6.4*
Chicoutimi-Jonquière	64.4	70.1	70.1	*5.7*	*0.0*	*8.9*	*0.0*
Québec	324.5	339	358.5	*34.0*	*19.5*	*10.5*	*5.8*
Trois-Rivières	60.7	65.5	64.6	*3.9*	*-0.9*	*6.4*	*-1.4*
Sherbrooke	65.9	74.4	76.7	*10.8*	*2.3*	*16.4*	*3.1*
Montréal	1,614.5	1,705.7	1,767.3	*152.8*	*61.6*	*9.5*	*3.6*
Ottawa-Gatineau	517.1	576.1	578.4	*61.3*	*2.3*	*11.9*	*0.4*
Sudbury	71.7	72.5	73.4	*1.7*	*0.9*	*2.4*	*1.2*
Oshawa	140.6	154.3	157.5	*16.9*	*3.2*	*12.0*	*2.1*
Toronto	2,312.5	2,571.8	2,621.7	*309.2*	*49.9*	*13.4*	*1.9*
Hamilton	324	348.3	347.9	*23.9*	*-0.4*	*7.4*	*-0.1*
St. Catharines-Niagara	179.4	190	193.2	*13.8*	*3.2*	*7.7*	*1.7*
London	200.8	216	214.5	*13.7*	*-1.5*	*6.8*	*-0.7*
Windsor	140.1	154.6	158.8	*18.7*	*4.2*	*13.3*	*2.7*
Kitchener	208.1	225.7	228.7	*20.6*	*3.0*	*9.9*	*1.3*
Thunder Bay	57.4	62.1	61.1	*3.7*	*-1.0*	*6.4*	*-1.6*
Winnipeg	343.6	358.2	362.8	*19.2*	*4.6*	*5.6*	*1.3*
Regina	104.9	105.2	108	*3.1*	*2.8*	*3.0*	*2.7*
Saskatoon	112	115.6	119.4	*7.4*	*3.8*	*6.6*	*3.3*
Calgary	499.1	569.5	582.6	*83.5*	*13.1*	*16.7*	*2.3*
Edmonton	474.9	504.8	522.1	*47.2*	*17.3*	*9.9*	*3.4*
Vancouver	979.6	1,051.1	1,076.2	*96.6*	*25.1*	*9.9*	*2.4*
Victoria	146.6	148.9	151.2	*4.6*	*2.3*	*3.1*	*1.5*

Source: Labour Force Survey

Workers in primary industries and occupations worked the longest hours in 2002.

		Usual hours, main job								
	Employed	1-14	15-29	30-34	35-39	40	41-49	50+	Total ('000)	Avg.
	'000								hours	
Total	**15,411.8**	**907.0**	**1,976.7**	**1,021.2**	**3,300.9**	**5,844.9**	**977.9**	**1,383.2**	**560,186.3**	**36.3**
Industry										
Agriculture	330.0	24.2	37.1	21.7	14.2	72.6	24.6	135.7	14,947.7	45.3
Forestry, fishing, mining, oil and gas	272.0	5.1	7.2	6.8	24.5	124.9	32.5	71.1	12,274.7	45.1
Utilities	131.5	0.0	2.4	7.5	50.6	61.6	4.7	3.4	5,012.3	38.1
Construction	882.8	23.0	48.2	42.3	80.9	435.5	98.6	154.1	35,924.7	40.7
Manufacturing	2,326.2	24.9	57.2	47.0	310.6	1,570.4	217.1	99.2	92,278.5	39.7
Trade	2,430.0	206.4	470.1	181.9	325.5	904.1	160.6	181.6	83,013.5	34.2
Transportation and warehousing	756.2	18.2	67.9	31.4	90.5	338.6	57.5	152.2	31,188.3	41.2
Finance, insurance, real estate and leasing	895.6	34.8	98.0	46.1	357.7	247.1	41.7	70.1	32,637.2	36.4
Professional, scientific and technical services	993.3	45.1	86.8	52.7	259.7	371.5	55.7	121.8	37,534.5	37.8
Management, administrative and other support	591.4	51.2	94.7	51.1	98.3	213.4	36.6	46.2	20,326.3	34.4
Educational services	1,015.9	101.5	158.6	103.2	303.1	272.1	30.9	46.4	33,082.2	32.6
Health care and social assistance	1,607.0	85.9	327.5	176.6	558.1	316.6	50.5	91.8	54,294.7	33.8
Information, culture and recreation	704.8	75.9	104.7	50.2	175.5	222.9	30.4	45.2	23,597.4	33.5
Accommodation and food services	1,003.9	126.6	279.2	119.3	108.4	253.1	42.8	74.5	31,133.3	31.0
Other services	693.2	66.2	101.9	52.1	95.5	244.1	55.7	77.6	24,415.5	35.2
Public administration	778.0	16.7	35.4	31.2	448.0	196.5	37.9	12.3	28,525.6	36.7
Occupation										
Management	1,371.5	23.5	57.2	45.9	277.7	539.4	124.3	303.5	58,218.1	42.4
Business, finance and administrative	2,750.7	138.9	314.2	164.4	1,028.6	922.8	94.8	87.1	96,446.7	35.1
Natural and applied sciences	1,026.0	14.3	38.0	28.1	361.4	465.9	51.5	66.8	39,888.4	38.9
Health	856.0	36.7	191.0	102.9	277.9	168.1	32.0	47.5	28,956.1	33.8
Social science, education, government service and religion	1,073.8	68.9	140.4	94.1	352.4	298.5	40.6	78.9	37,397.6	34.8
Art, culture, recreation and sport	429.0	70.7	72.8	35.7	89.4	109.6	15.4	35.4	13,493.3	31.5
Sales and service	3,932.0	460.5	970.8	411.0	561.7	1,131.7	199.2	197.0	122,700.3	31.2
Trades, transport and equipment operators	2,180.9	45.0	108.2	80.0	210.3	1,171.1	240.7	325.7	89,263.2	40.9
Occupations unique to primary industry	534.7	33.3	46.8	29.8	25.2	152.7	48.1	198.8	24,122.4	45.1
Processing, manufacturing and utilities	1,257.4	15.3	37.3	29.4	116.5	885.2	131.3	42.4	49,700.2	39.5

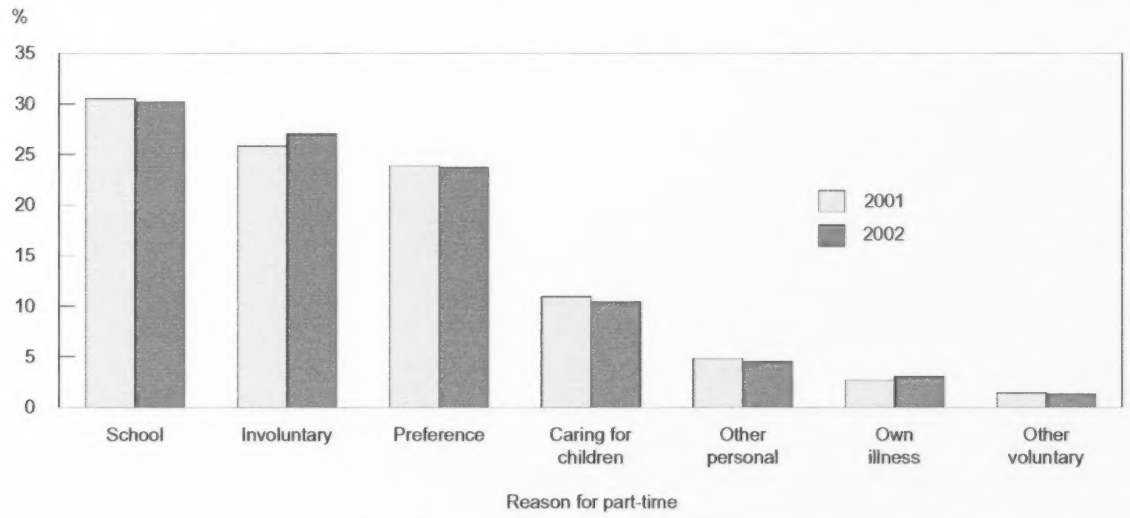
Source: Labour Force Survey, annual averages

While overtime workers in the goods sector tended to be paid for their extra hours, most workers in the service sector were not paid for any extra hours.

	Employees at work		Proportion of workers putting in overtime					
			2002			Change, 2001 to 2002		
	Total	Overtime	Total	Paid	Unpaid	Total	Paid	Unpaid
	'000			%			%-point	
Total	**12,008.1**	**2,656.2**	**22.1**	**10.4**	**12.5**	***1.6***	***0.6***	***1.1***
Industry								
Agriculture	112.2	12.3	11.0	5.8	4.6	*-1.1*	*-0.7*	*-0.6*
Forestry, fishing, mining, oil and gas	207.1	64.3	31.0	19.0	13.3	*2.2*	*-0.1*	*2.6*
Utilities	119.6	39.1	32.7	17.3	17.1	*6.1*	*0.3*	*6.2*
Construction	565.4	117.6	20.8	15.7	5.8	*0.4*	*0.5*	*-0.1*
Manufacturing	2,065.7	569.1	27.5	19.6	8.6	*2.4*	*2.1*	*0.3*
Trade	1,994.6	309.9	15.5	7.1	9.0	*0.7*	*0.2*	*0.5*
Transportation and warehousing	571.6	125.7	22.0	14.5	8.3	*0.8*	*0.6*	*0.5*
Finance, insurance, real estate and leasing	701.4	166.7	23.8	5.4	19.0	*1.3*	*-0.6*	*1.9*
Professional, scientific and technical services	623.0	184.7	29.6	9.4	21.3	*2.5*	*0.7*	*1.8*
Management, administrative and other support	412.1	66.8	16.2	8.9	7.8	*2.3*	*0.9*	*1.3*
Educational services	829.4	306.8	37.0	3.1	34.6	*2.3*	*0.6*	*2.0*
Health care and social assistance	1,254.6	233.4	18.6	8.7	11.1	*2.1*	*0.8*	*1.5*
Information, culture and recreation	560.0	118.2	21.1	8.2	13.7	*1.5*	*-0.1*	*1.7*
Accommodation and food services	857.0	84.7	9.9	5.5	4.9	*0.4*	*0.1*	*0.4*
Other services	431.8	79.1	18.3	7.6	11.2	*1.3*	*0.0*	*1.3*
Public administration	702.8	178.0	25.3	10.0	16.8	*2.0*	*0.2*	*1.9*
Occupation								
Management	815.2	338.6	41.5	4.0	38.5	*3.2*	*-0.2*	*3.5*
Business, finance and administrative	2,323.1	449.8	19.4	7.5	12.6	*1.4*	*0.1*	*1.4*
Natural and applied sciences	832.5	253.2	30.4	13.0	18.8	*1.2*	*0.8*	*0.6*
Health	660.1	130.3	19.7	11.5	9.7	*1.7*	*0.5*	*1.4*
Social science, education, government service and religion	845.7	338.5	40.0	3.8	37.2	*3.2*	*0.3*	*3.0*
Art, culture, recreation and sport	256.4	55.2	21.5	7.9	14.8	*0.3*	*-0.3*	*0.9*
Sales and service	3,254.8	394.2	12.1	6.2	6.5	*0.8*	*0.3*	*0.6*
Trades, transport and equipment operators	1,664.9	386.4	23.2	20.0	3.9	*1.4*	*1.1*	*0.4*
Occupations unique to primary industry	238.6	40.6	17.0	12.7	5.0	*0.1*	*0.1*	*0.1*
Processing, manufacturing and utilities	1,116.9	269.5	24.1	21.8	2.9	*2.9*	*2.6*	*0.3*

Source: Labour Force Survey, annual averages
Note: Some workers do both paid and unpaid overtime in the same week.

In 2002, the percentage of workers who involuntarily worked part time increased slightly, but decreased for people who worked 'short' hours because they were going to school.



Source: Labour Force Survey, annual averages

		Voluntary part-time						Involuntary part-time		
2002	Part-time total	Own illness	Caring for children	Other personal	School	Preference	Other	Total	Looked for full-time	Did not look for full-time
	'000					%				
Total	**2,883.7**	**3.0**	**10.4**	**4.5**	**30.2**	**23.7**	**1.3**	**27.0**	**8.2**	**18.8**
Youths (15 - 24)	1,074.7	0.5	1.1	0.7	73.5	4.8	0.4	19.0	7.0	12.0
Men	461.8	0.4	0.0	0.5	75.1	4.8	0.3	18.5	7.3	11.2
Women	612.9	0.4	1.9	0.8	72.3	4.8	0.4	19.4	6.8	12.6
Adults 25 +	1,809.0	4.4	15.9	6.7	4.4	34.9	1.9	31.8	8.8	22.9
Men	438.2	6.2	1.6	2.3	6.8	37.8	2.8	42.4	14.4	28.1
Women	1,370.8	3.9	20.4	8.2	3.7	33.9	1.6	28.3	7.1	21.3

Source: Labour Force Survey, annual averages

Female employees earned 82 cents for every dollar earned by men in 2002, virtually unchanged from the year before.

	Hourly wage in 2002				Change from 2001			
	Both sexes	Men	Women	Ratio	Both sexes	Men	Women	Ratio
	$				$			
15 +	17.66	19.38	15.82	0.82	*0.48*	*0.43*	*0.53*	*0.01*
15 - 24	10.06	10.58	9.52	0.90	*0.16*	*0.15*	*0.18*	*0.00*
25 - 54	19.25	21.12	17.28	0.82	*0.54*	*0.44*	*0.65*	*0.01*
55 +	19.24	21.76	16.19	0.74	*0.52*	*0.71*	*0.27*	*-0.01*

Source: Labour Force Survey, annual averages

By industry, employees in utilities made the most. Among all the major occupation groups, managers remained the best paid.

	Hourly wage				Weekly wage			
	2001	2002	Change		2001	2002	Change	
		$		%		$		%
Total	**17.18**	**17.66**	**0.48**	**2.8**	**634.30**	**650.10**	***15.80***	***2.5***
Industry								
Agriculture	11.01	11.08	0.07	0.6	421.85	432.34	*10.49*	*2.5*
Forestry, fishing, mining, oil and gas	21.32	22.68	1.36	6.4	927.27	985.73	*58.46*	*6.3*
Utilities	25.23	26.29	1.06	4.2	960.97	1,003.87	*42.90*	*4.5*
Construction	18.57	19.04	0.47	2.5	753.74	769.66	*15.92*	*2.1*
Manufacturing	18.02	18.40	0.38	2.1	717.66	731.94	*14.28*	*2.0*
Trade	13.19	13.43	0.24	1.8	471.55	477.65	*6.10*	*1.3*
Transportation and warehousing	17.75	18.16	0.41	2.3	708.15	725.18	*17.03*	*2.4*
Finance, insurance, real estate and leasing	19.01	19.75	0.74	3.9	703.88	731.36	*27.48*	*3.9*
Professional, scientific and technical services	21.70	22.31	0.61	2.8	834.76	856.55	*21.79*	*2.6*
Management, administrative and other support	13.02	13.24	0.22	1.7	470.00	481.59	*11.59*	*2.5*
Educational services	21.93	22.70	0.77	3.5	733.29	762.04	*28.75*	*3.9*
Health care and social assistance	17.76	18.60	0.84	4.7	593.40	618.62	*25.22*	*4.3*
Information, culture and recreation	17.65	17.37	-0.28	-1.6	639.98	617.97	*-22.01*	*-3.4*
Accommodation and food services	9.74	9.94	0.20	2.1	303.52	305.22	*1.70*	*0.6*
Other services	14.36	14.56	0.20	1.4	525.59	533.30	*7.71*	*1.5*
Public administration	22.08	23.21	1.13	5.1	787.48	816.39	*28.91*	*3.7*
Occupation								
Management	26.51	27.68	1.17	4.4	1,072.05	1,117.25	*45.20*	*4.2*
Business, finance and administrative	16.48	17.05	0.57	3.5	591.53	613.15	*21.62*	*3.7*
Natural and applied sciences	24.82	25.32	0.50	2.0	962.40	979.79	*17.39*	*1.8*
Health	19.77	20.77	1.00	5.1	661.34	688.95	*27.61*	*4.2*
Social science, education, government service and religion	23.34	24.10	0.76	3.3	807.08	834.49	*27.41*	*3.4*
Art, culture, recreation and sport	16.80	17.41	0.61	3.6	568.22	579.47	*11.25*	*2.0*
Sales and service	11.80	12.00	0.20	1.7	391.98	395.63	*3.65*	*0.9*
Trades, transport and equipment operators	17.51	17.82	0.31	1.8	710.00	721.72	*11.72*	*1.7*
Occupations unique to primary industry	14.37	14.45	0.08	0.6	617.71	620.44	*2.73*	*0.4*
Processing, manufacturing and utilities	15.43	15.63	0.20	1.3	613.64	621.02	*7.38*	*1.2*

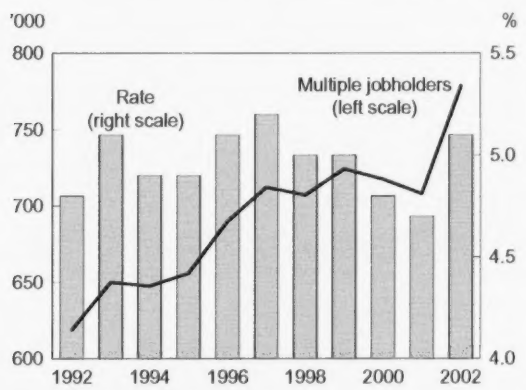
Source: Labour Force Survey, annual averages

The largest drop in the ratio of unionized employees to all employees was in utilities.

	2002			Change, 2001 to 2002		
	Total employees	Employees covered by union contract		Total employees	Employees covered by union contract	
	'000		%	'000		%
Total	**13,065.8**	**4,200.9**	**32.2**	***298.2***	***91.8***	***0.0***
Public sector	2,908.0	2,205.6	75.8	*86.2*	*85.6*	*0.7*
Private sector	10,157.8	1,995.3	19.6	*212.0*	*6.2*	*-0.4*
Agriculture	118.6	4.7	4.0	*-0.9*	*-0.3*	*-0.2*
Forestry, fishing, mining, oil and gas	227.0	59.6	26.3	*-18.6*	*-6.9*	*-0.8*
Utilities	131.2	88.6	67.5	*8.5*	*3.2*	*-2.1*
Construction	605.5	203.3	33.6	*34.2*	*9.3*	*-0.4*
Manufacturing	2,231.4	723.3	32.4	*57.6*	*7.4*	*-0.5*
Trade	2,129.7	299.6	14.1	*49.9*	*-4.0*	*-0.5*
Transportation and warehousing	627.9	274.7	43.7	*-9.8*	*-6.2*	*-0.3*
Finance, insurance, real estate and leasing	763.5	81.9	10.7	*14.7*	*0.5*	*-0.1*
Professional, scientific and technical services	665.1	37.8	5.7	*1.8*	*0.5*	*0.1*
Management, administrative and other support	438.1	65.9	15.0	*22.4*	*6.1*	*0.7*
Educational services	968.4	714.7	73.8	*48.2*	*38.5*	*0.3*
Health care and social assistance	1,412.2	798.3	56.5	*52.9*	*28.0*	*-0.1*
Information, culture and recreation	601.8	164.4	27.3	*-6.8*	*-6.2*	*-0.7*
Accommodation and food services	907.4	72.9	8.0	*29.9*	*4.5*	*0.2*
Other services	460.0	50.1	10.9	*2.7*	*3.6*	*0.7*
Public administration	777.9	561.0	72.1	*11.5*	*13.6*	*0.7*

Source: Labour Force Survey, annual averages

Over the 1990s, the number of 'moonlighters' increased; however, their share of total employment remained around 5%.

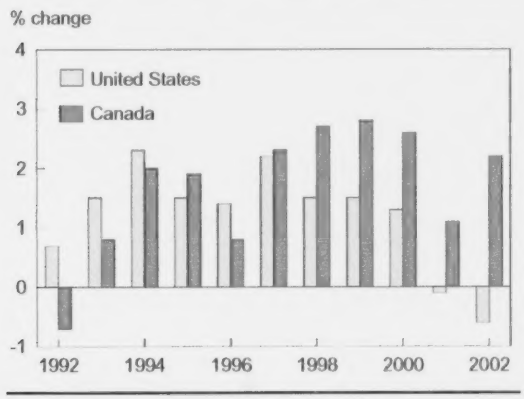


Source: Labour Force Survey, annual averages

About 13% of all employees worked on a temporary basis. For youths, the proportion was more than twice as high.

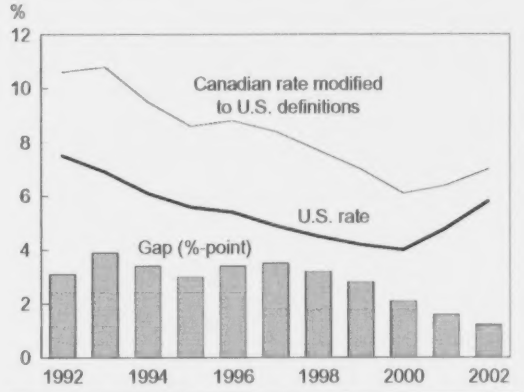
Source: Labour Force Survey, annual averages

In 2001 and 2002, employment grew in Canada but fell in the United States.



Sources: Labour Force Survey, U.S. Current Population Survey, annual averages

The gap between the harmonized unemployment rates narrowed considerably in 2002.



Sources: Labour Force Survey, U.S. Current Population Survey, annual averages

Note: For more information on modifications to the Canadian unemployment rate, see Labour Force Update *(Statistics Canada, Catalogue no. 71-005-XPB) Autumn 1998.*

Supplementary measures of unemployment and percentage-point change from 1998 to 2002

	Annual averages			Change	
	1998	2001	2002	1998 to 2002	2001 to 2002
		%		%-point	
R1 – Only those unemployed one year (52 weeks) or more	1.1	0.6	0.7	*-0.4*	*0.1*
R2 – Only those unemployed 3 months (12 weeks) or more	3.2	2.2	2.6	*-0.6*	*0.4*
R3 – Made comparable to the U.S. definition	7.7	6.4	7.0	*-0.7*	*0.6*
R4 – Official rate	**8.3**	**7.2**	**7.7**	***-0.6***	***0.5***
R5 – R4 plus discouraged searchers	8.8	7.4	7.9	*-0.9*	*0.5*
R6 – R4 plus those waiting for recall or replies and long-term future starts	9.0	7.8	8.3	*-0.7*	*0.5*
R7 – A measure of both unemployment and underemployment (involuntary part-time) expressed in full-time equivalents for recall, replies and long-term future starts	11.2	9.4	10.1	*-1.1*	*0.7*
R8 – R4 plus discouraged searchers, those waiting for recall or replies, long-term future starts and the underused portion of involuntary part-timers	12.0	10.2	10.8	*-1.2*	*0.6*

Source: Labour Force Survey

These charts and tables are part of *The labour market: Year-end review*, in this issue. For more information, contact Geoff Bowlby, Labour Statistics Division, at (613) 951-3325 or bowlgeo@statcan.ca.

Profiling RRSP contributors

Boris Palameta

MAJOR CHANGES to the Income Tax Act in 1990 allowed Canadians to increase their participation in registered retirement savings plans (RRSPs). Starting in 1991, eligible taxfilers were permitted to contribute more money to an RRSP during a given year and to carry unused 'room' forward to subsequent years. As a result, more people became eligible to contribute to RRSPs, and to contribute in greater amounts. Still, fewer than half of eligible Canadians make contributions. Increases in participation rates and contribution amounts have been documented for both individuals and families (Akyeampong 2000; Statistics Canada 2001a; Statistics Canada 2001b). However, relatively few determinants of RRSP participation have been established.

What makes one person more likely than another to contribute to an RRSP? Income has frequently been cited as the most important factor; however, when income is held constant, other factors emerge, including sex, age, and membership in an employer-sponsored pension plan (Palameta 2001). A host of other factors have yet to be investigated—for example, family variables, such as number of children and spousal income. A person with no children and a high-income spouse has a greater capacity to contribute to an RRSP than a person with the same income, several children, and a low-income spouse.

Incentives to contribute are less easy to predict. For instance, it is not clear whether investing outside registered plans makes a person more or less likely to contribute. On one hand, some people may consider RRSPs as alternatives to other savings vehicles and invest in only one or the other. On the other hand, people with a general propensity to save may see RRSPs as an added savings opportunity, without having to forgo other investments.

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This article looks at some of the personal and family characteristics associated with RRSP participation using 1998 tax data from the T1 Family File (see *Data source and definitions*). Individuals with RRSP room were

Data source and definitions

This analysis is based on a 2% sample of families from the 1998 **T1 Family File** (T1FF). The T1FF is derived from information reported on the T1 General Income Tax Return. Linkages are established between husbands, wives and children. The T1FF has been available since 1982.

Pension adjustment (PA): For taxfilers whose employer provides a company pension plan, a PA is calculated according to a formula prescribed by the Canada Customs and Revenue Agency. The PA varies according to the amount contributed to the pension plan by the employer and the employee. The PA must be deducted from RRSP room. The PA deduction allows people without an employer-sponsored pension plan to make higher RRSP contributions than people with the same income whose employer provides a pension plan. For a limited number of high-earning employees, the PA is high enough to wipe out their RRSP room entirely. These individuals are excluded from the study.

RRSP contribution: a normal contribution is one made within the limit set by the taxfiler's current RRSP room. In rare cases, such as some retiring allowance rollovers, taxfilers are permitted to make contributions that exceed their current RRSP room. However, rollovers are gradually being phased out, and most people with rollovers also make normal contributions. In 1998, less than 1% of RRSP contributors had rollovers only.

RRSP room: the maximum RRSP contribution that can be deducted from income (for income tax purposes). RRSP room increases with earned income, including employment and self-employment income, business and rental income, and disability payments (minus employment expenses such as union dues, and business and rental losses). The maximum allowable annual new room is either a dollar amount or 18% of earned income, whichever is lower. In 1998, the dollar amount was $13,500. For those with an employer-sponsored pension plan, new room is reduced by the amount of the pension adjustment. Since 1991, any unused room can be carried over for use in subsequent years.

divided into three groups, based on presence of a spouse and whether or not the spouse also had RRSP room (see *Groups and variables*). Personal characteristics included income, sex, age, membership in an employer-sponsored pension plan, self-employment, and participation in non-registered savings and investment vehicles. Family characteristics included income disparity between spouses, spousal RRSP participation, type of marriage, number of dependent children, and presence of low- or high-income children 18 and over in the household.

Group 1 was evenly split between men and women (Table 1). The majority were from dual-earner families, and 42% had spouses in the same tax bracket. The second group was composed mostly of men. They had the highest incomes, ages, and number of children, and were also the most likely to be savers and investors. Most were sole earners in their families, and hence a majority (65%) had spouses in lower tax brackets. The majority of individuals in the third group were women. They were the youngest, and had the lowest incomes and the fewest children.

To see how different variables influence a person's likelihood of RRSP participation, a reference person with a specific set of characteristics was chosen. Changes in participation were calculated in comparison with the reference person. For example, an increase in income from $35,000 to $55,000 was associated with a 21 percentage-point increase in the likelihood of participation, everything else being equal (Chart A). Having a spouse in a higher tax bracket was associated with a 3 percentage-point drop in the likelihood of participation. Only statistically significant results are shown.

Groups and variables

The analysis was restricted to living taxfilers aged 25 to 64 with RRSP room. In families where both spouses met the eligibility criteria, one was selected at random.[1] Selected individuals were placed into one of three groups for analysis: **1**: Spouse has RRSP room. **2**: Spouse has no RRSP room. **3**: Unattached individuals and single parents.

The three groups were analyzed separately because decisions to contribute were likely based on different criteria. For instance, spousal characteristics are likely to influence a married person's decision, but obviously have no bearing on a single person's decision.

For each of the three groups, individual RRSP participation was modelled as a function of:

Income: the total before-tax income[2] as reported on the T1 general form. This includes income from all sources, minus losses from rental property and self-employment.

Income disparity[3]: the selected individual's tax bracket, subtracted from the spouse's tax bracket. Tax brackets were defined as:

0 Taxable income = $0

1 Taxable income = $1 to $29,590

2 Taxable income = $29,591 to $59,180

3 Taxable income = $59,181 and above

Income disparity ranges from –3 (spouse 3 tax brackets below) to +3 (spouse 3 tax brackets above). This variable was not used in Group 3.

Age and **sex** of the selected individual.

Self-employment: no wage or salary income, and more than 50% of total income from self-employment.[4]

PA: A pension adjustment (PA) was taken to indicate an employer-sponsored pension plan.

Saver: Interest and investment income, but no dividends from taxable Canadian corporations.

Investor: Dividends from taxable Canadian corporations.

Contributing spouse: This variable is only used in Group 1.

Marriage type: Legal or common-law. This variable is not used in Group 3.

Number of children: All children residing in the household.

Adult child with income less than $10,000: Child 18 and over with total before-tax income less than $10,000 in the household.

Adult child with income over $30,000: Child 18 and over with total before-tax income over $30,000 in the household.

Logistic regression was used to examine the determinants of RRSP contribution. Within each of the three groups, in addition to models being run for the general population, separate models were run for men and women, and for people in different income brackets, to identify trends specific to these groups. Logistic regression estimates the probability that a particular outcome—in this study an RRSP contribution—will occur as a function of several explanatory variables. The association between each explanatory variable and the probability of contributing is examined while holding all other variables constant. In other words, the probability of contributing can be compared between individuals identical in every respect but one. For instance, a comparison can be made between men and women of the same age, with the same income, same number of children, etc. A Chi-Square statistic is computed for each explanatory variable to determine whether a change in the variable is associated with a significant change in the probability of contributing. Full results are available from the author.

Table 1: Profiles of individuals in the three groups

	Group 1	Group 2	Group 3
	Spouse has RRSP room	Spouse has no RRSP room	Unattached individuals and single parents
Sample size	87,219	8,503	64,624
Mean income ($)	35,700	41,400	30,100
Difference in spousal tax bracket	0.0	-0.9	...
Age (mean)	42.4	45.9	41.5
Number of children (mean)	1.3	1.5	0.4
		%	
Men	50.2	77.0	46.2
Self-employed	6.9	5.7	4.3
Pension adjustment	34.9	32.1	29.8
Saver	21.7	22.5	17.1
Investor	12.5	15.2	9.2
Contributing spouse	43.8	...	...
Common-law marriage	15.7	12.5	...
Adult child with income < $10,000	13.5	16.2	5.1
Adult child with income ≥ $30,000	2.0	2.1	0.7

Source: T1 Family File, 1998

The influence of ...

Income

Not surprisingly, high income was associated with high likelihood of RRSP participation in all three groups. High income provides not only the means to contribute, but also the incentive, since those with high income bear the heaviest tax burdens. Data showing how RRSP participation rates rise with income have been published several times (Akyeampong 2000; Palameta 2001; Statistics Canada 2001b).

A higher-income spouse

Having a spouse in a higher tax bracket decreased one's likelihood of contributing in the first group (Chart A), but increased it in the second group (Chart B).

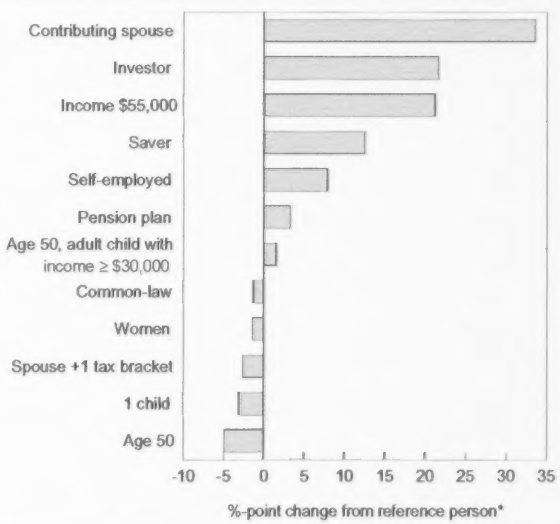
At a given level of individual income, having a higher-income spouse means higher household income, and therefore greater ability to spend on RRSPs. Yet, having a higher-income spouse with RRSP room actually reduced an individual's likelihood of contributing. Why so? Perhaps when both spouses have room, the priority is to use up the higher-income spouse's room, thus reducing the heavier tax burden first. For example, if a couple decided to contribute $2,500 to each spouse's RRSP, their combined tax saving would be more if the higher-income spouse contributed $5,000 ($2,500 to their own plan, $2,500 to the spouse's plan) than if each spouse contributed $2,500.

On the other hand, higher-income spouses with no room cannot make a contribution to reduce their own tax burden. However, they can increase the lower-income spouse's ability to make a contribution. Indeed, having a higher-income spouse with no RRSP room increased an individual's likelihood of contributing.

Age

Everything else being equal, younger people were more likely than older people to contribute in all three groups. The effect was

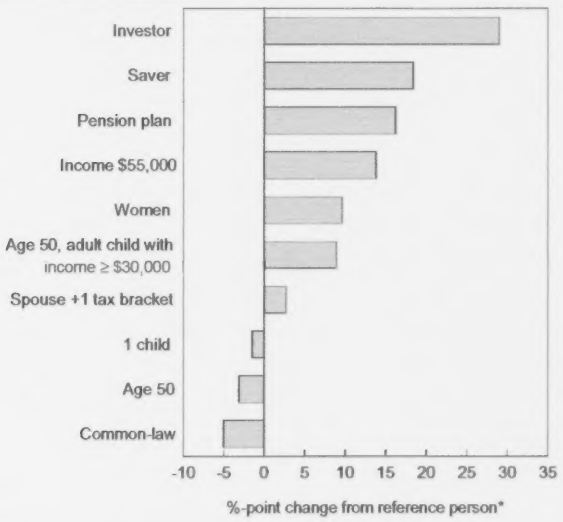
Chart A: Likelihood of contributing, group 1—spouse has RRSP room



Source: T1 Family File, 1998

* *The reference person is a 30-year-old, legally married man with an income of $35,000, a spouse in the same tax bracket, no children, and no pension. He is not self-employed, and is not a saver or investor.*

Chart B: Likelihood of contributing, group 2—spouse has no RRSP room



Source: T1 Family File, 1998

* *The reference person is a 30-year-old man with an income of $35,000, no children, and no pension. He is not self-employed, and is not a saver or investor.*

most pronounced among single people; from age 30 to 50, the likelihood of contributing dropped by almost 10 percentage points.

These results largely confirm previous findings showing that except in the lowest income brackets, persons aged 25 to 34 have the highest likelihood of contributing (Palameta 2001). Among single persons, younger people were significantly more likely to contribute in all income brackets.[5] Among people in the first group, the age effect was not significant for income less than $20,000. In all income brackets above $20,000, younger people were more likely to contribute.[6]

Sex

Single women and women whose husbands had no RRSP room were more likely to contribute than their male counterparts.

When both spouses had RRSP room, husbands were slightly more likely than wives to contribute. It may be that instead of each spouse making a separate contribution, the spouse with the higher income—usually the husband—sometimes made contributions to both plans. If spousal contributions are made mainly by husbands, then the number of wives who have RRSPs may substantially exceed the number who make contributions.

Self-employment

Single self-employed persons and self-employed persons whose spouses had room were more likely to contribute than their employed counterparts, although the difference was not significant among those whose spouses had no room.

Why were self-employed persons more likely to contribute? The answer must be more than lack of a pension plan since the comparison groups in the charts were employees without pensions. Since self-employed workers tend to have more year-to-year income variability than employees, some may be using RRSPs as an income-averaging device. In good years, contributions serve to reduce tax burden, while in lean years withdrawals may be used to supplement income with a relatively light tax penalty. This hypothesis could be tested by examining whether the self-employed are also more likely to make RRSP withdrawals.

Private pensions

Those with employer-sponsored pension plans were more likely to contribute in all three groups. However, previous findings show that in higher-income brackets, people without pensions participate at higher rates (Palameta 2001). When the samples in this study were split according to income bracket, similar results emerged. Among single people, those with pensions were more likely to contribute only in income brackets below $20,000.[7] Those without pensions were more likely to contribute in the $40,000 to $59,999 bracket, as well as in the $80,000-and-over bracket.

In the first group, those with pensions were again more likely to contribute in income brackets below $20,000, while those without pensions were more likely to contribute in income brackets above $30,000.[6]

Savings and investments

People who reported interest and investment income (savers) were more likely to contribute than people who reported no such income. Also, investors (people who report dividends from taxable Canadian corporations) had a higher probability of participation than non-investors. This effect is particularly striking.

In all three groups, an investor with an income of $35,000 was more likely to contribute than a non-investor with an income of $55,000.

These results support the theory that retirement savings plans are supplements rather than alternatives to other savings vehicles. People investing outside registered plans are also likely to participate in RRSPs.

A contributing spouse

An individual whose spouse had room was far more likely to contribute if the spouse also contributed—in fact, having a contributing spouse doubled a person's probability of participating (Chart A). However, decisions to contribute may depend on the income discrepancy between the two spouses. Couples may tend to behave as a single unit (both contribute, or neither contributes) when income discrepancy is low. However, as the discrepancy increases, the higher-income person may be more likely to make a spousal contribution, and the lower-income person more unlikely to contribute. Indeed, mean income discrepancy was close to zero in cases where both or neither contributed. Mean income discrepancy was 0.7 tax brackets when only one spouse contributed.

Marriage

Everything else being equal, people in a legal marriage were more likely to contribute than those in a common-law relationship. However, patterns of contribution differed between men and women.

When both spouses had room, men in legal marriages were more likely to contribute than men in common-law relationships. The pattern was reversed for women.

Among wives whose husbands did not have room, however, legal marriage was associated with a greater likelihood of contributing. Husbands whose wives did not have room also tended to contribute with greater likelihood in legal marriages, although the trend was not statistically significant.

Number of children

In all three groups, each additional child lowered the likelihood of contributing, especially for women.

When both spouses had room, having a child reduced a person's likelihood of contributing in all three groups (Charts A, B, and C). However, under separate groups for men and women, the effect was much more pronounced for women.

Whether a woman was married or single, having a child reduced her likelihood of contributing to a significantly greater extent than it did for a man (Table 2).

Children 18 and over in the home

The presence of adult children in the household tended to increase a person's likelihood of contributing, especially if the children had relatively high incomes ($30,000 or more). In all three groups, a 50 year-old with an adult child making $30,000 or more and living in the household was more likely to contribute than a 30 year-old with no children—even though younger people were generally more likely to contribute. Again, the effect on women was more pronounced.

Relatively low-income (under $10,000) adult children had a significant effect only in the third group (Chart C). At any given age, a single person with such a child in the household was more likely to contribute than a single person with no children. However, considering men and women separately, married women were affected by the presence of a relatively low-income adult child, while married men were not.

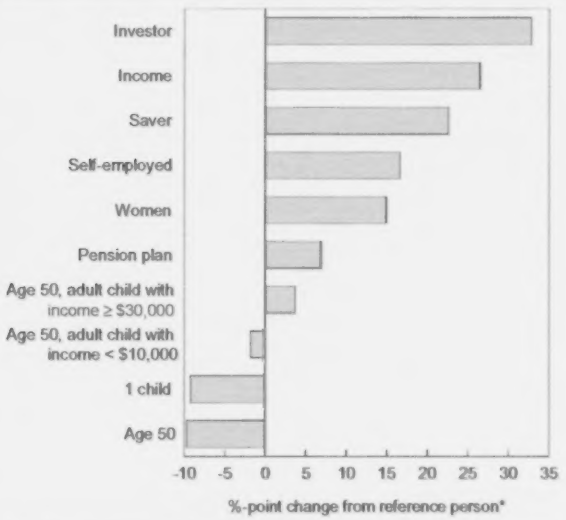
Adult children may increase their parents' capacity to contribute by providing extra income or by helping with unpaid work. The latter may explain why adult children tended to affect married women more than married men.

Table 2: Effects of various factors on the probability of making an RRSP contribution

	Men	Women
	%-point change	
Presence of a child		
Spouse has RRSP room	-1.0	-5.2
Spouse has no RRSP room	n.s.	-8.8
Single	-4.7	-11.9
Adult child with income ≥ $30,000		
Spouse has RRSP room	+4.0	+9.6
Spouse has no RRSP room	+10.3	+18.1
Single	n.s.	+18.3
Adult child with income < $10,000		
Spouse has RRSP room	n.s.	+3.6
Spouse has no RRSP room	n.s.	+9.9
Single	+5.1	+8.9

Source: T1 Family File, 1998
n.s. = not statistically significant.

Chart C: Likelihood of contributing, group 3—unattached individuals and single parents



Source: T1 Family File, 1998

* *The reference person is a 30-year-old, legally married man with an income of $35,000, a spouse in the same tax bracket who does not contribute to an RRSP, no children, and no pension. He is not self-employed, and is not a saver or investor.*

Summary

Factors particularly strongly associated with RRSP contribution include a contributing spouse and investments outside registered plans. This is true of both men and women at every level of income.

Personal income is another universal predictor of RRSP participation, but having a higher-income spouse was not always associated with a greater likelihood of contribution. In fact, both men and women were less likely to contribute if they had a higher-income spouse with RRSP room.

At most levels of income, younger people, whether married or single, were more likely to contribute than their older counterparts.

Women were generally more likely to contribute than men, except among married couples where both spouses had RRSP room. People legally married were generally more likely to contribute than people in common-law relationships—with the exception of women whose husbands had RRSP room.

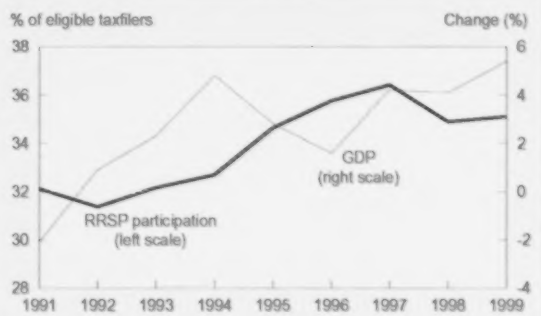
Determinants of RRSP participation over time

The determinants of RRSP participation identified in this paper are likely to be enduring traits. Nonetheless, major legislative changes or changes in the economic cycle may affect certain groups' relative likelihood of participation. For example, a period of economic decline may affect people with children more than people without children. Because women's decisions to contribute are tied to the presence of children more so than men's, the result may be a relative decline in women's participation rates. It is difficult to test this hypothesis because the period since the last major legislative change in 1991 has been one of steady economic growth (Chart).

RRSP participation rates increased steadily throughout the 1990s until 1998, the year from which the data in this paper are taken. The decline in participation rate coincides with the introduction of the Canada Education Savings Grant for registered education savings plans (RESPs). From 1998 on, RESP participants could receive up to $400 per child per year. It is possible that RRSP participation declined because some people switched to RESPs. If so, one would expect the RRSP participation rates of people with children—especially young people with children—to have declined the most steeply.

Characteristics of RRSP contributors may also change over time as people age, and as some enter and others leave the population of eligible taxfilers.

The 1990s saw economic growth and increased RRSP participation.



Having children was associated with a decreased likelihood of participation, particularly among women. However, women's likelihood of contributing increased if they had an adult child in the home, regardless of the child's income.

Among employees, having a pension plan was associated with higher likelihood of participation in low-income brackets. However, at high incomes, those without pension plans were more likely to contribute. Self-employed persons were generally more likely to contribute than their employed counterparts.

Several important factors were not available from the data source and remain unexamined—notably education, wealth (net worth), and contributions to other registered plans such as RESPs.

Acknowledgements

The author wishes to thank Hubert Frenken, formerly of the Labour and Household Surveys Analysis Division, and Professor Robert L. Brown of the Department of Statistics and Actuarial Science, University of Waterloo, for their comments on an earlier version of this paper.

Notes

1 If both spouses were 25 to 64 with RRSP room, one was dropped from the analysis to maintain independent observations.

2 Although the ability to contribute to an RRSP is a function of after-tax income, before-tax income offers the advantage of capturing the *incentive* to contribute, since RRSP contributions are deducted from before-tax income and thus serve to reduce individual tax burden.

3 Income disparity was used instead of spousal income because the incomes of spouses are highly correlated. Including two highly correlated variables in a group may lead to collinearity problems.

4 The Canada Customs and Revenue Agency does not make the distinction between incorporated self-employment and paid employment. Hence, in this study, incorporated self-employed taxfilers are considered to be employees, and only those unincorporated are defined as self-employed.

5 The income brackets were: under $10,000; $10,000 to $19,999; $20,000 to $29,999; $30,000 to $39,999; $40,000 to $59,999; $60,000 to $79,999; and $80,000 and over.

6 Individuals in the second group were not divided according to income bracket because the sub-samples would have been too small to obtain accurate results.

7 The self-employed cannot have employer-sponsored pensions; hence, the groups compared are employees with pensions and employees without pensions.

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2000 income: an overview

Pina La Novara, Heather Lathe, Gaétan Garneau and David Pringle

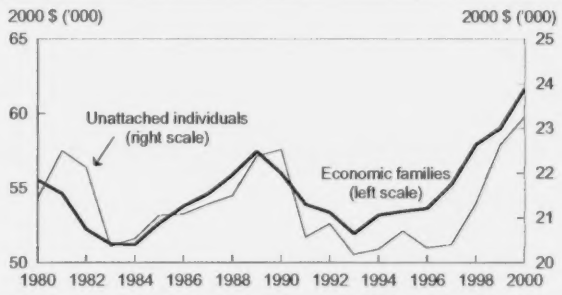
Market income continued to grow

Family incomes increased in 2000, mainly because of a vibrant labour market. The national unemployment rate was 6.8%, the lowest since 1976 (7.0%); real GDP per capita grew 3.7%; and the employment rate was 61.4%, up 0.8 percentage points from 1999.

Almost all provinces experienced employment growth in 2000. The only exception was Newfoundland and Labrador where employment was virtually unchanged. Prince Edward Island (5.2%), Ontario (3.2%), and Nova Scotia (2.7%) had job creation rates above the national average. Most of the new jobs were created in Ontario (49%), Quebec (21%), and British Columbia (11%).

The average market income for families of two or more was $61,600 in 2000, up 4.5% from 1999 after inflation. This was the seventh consecutive year of growth, marking an increase of 19% since 1993 when income was at a 10-year low of $51,900. Market income for unattached individuals was $23,300, an increase of 2.7% from 1999.

Chart A: Average market income



Sources: Survey of Consumer Finances, 1980-1995; Survey of Labour and Income Dynamics, 1996-2000

While all main family types experienced an increase in market income between 1999 and 2000, female lone-parent families had the largest gain (15%)—47% between 1993 and 2000. This resulted from their increased labour force participation—from 48% in 1993 to 63% in 2000. At the same time, their unemployment rate declined from 20% to 11%.

Data sources and definitions

The longitudinal **Survey of Labour and Income Dynamics** began in 1993. The **Survey of Consumer Finances** was an annual supplement to the Labour Force Survey.

Market income (income before taxes and transfers): total earnings (from paid employment or net self-employment), investment income, private pension income, and 'other income.' It excludes government transfers.

Government transfers: direct payments to individuals and families by governments: Old Age Security, Guaranteed Income Supplement, Spouse's Allowance, C/QPP, child tax benefits, Employment Insurance, Workers' Compensation, GST/HST credits, provincial/territorial refundable tax credits, social assistance payments, and other government payments.

Total income: income from all sources before federal and provincial taxes.

After-tax income: total income minus income taxes.

Economic family: two or more persons living together and related by blood, marriage, common law, or adoption.

Low-income cutoff: the level at which a family may be in straitened circumstances because it spends a greater proportion of its income on necessities than the average family of similar size. Specifically, it is defined as the income below which a family spends 20 percentage points more of its income than the average family on food, shelter and clothing. Cutoffs are defined for seven family and five community sizes.

Low-income rate: income of persons or families compared with the low-income cutoff.

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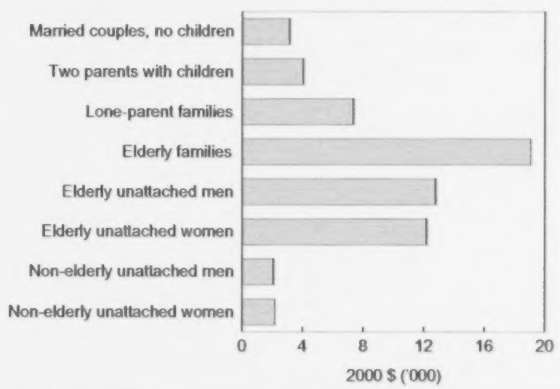
Average government transfers declined

Average government transfers to families of two or more declined 3.3% in 2000 to $6,700, largely because of continued growth in market income. (Most transfers are designed to supplement private income when it is low and, in the absence of major program changes, tend to decline when the economy and labour market are strong.) Some, but not all, government transfers are needs-based, meaning that they are designed to supplement the incomes of lower-income families and individuals. This is evident in the distribution of transfers when the population is ranked from lowest to highest after-tax income. The share of transfers paid to families in the lowest after-tax income quintile is typically the highest—31% in 2000. The share to the second-lowest quintile was the second highest, at 26%, and so on for every quintile, with the highest income quintile families receiving 12%.

The share of government transfers going to the lowest income quintile families increased for four consecutive years, from 28% in 1996 to 31% in 2000. The share of transfers to the second-lowest quintile also increased slightly during the same period, while shares for the three higher quintiles declined.

Chart B: Average government transfers by family type



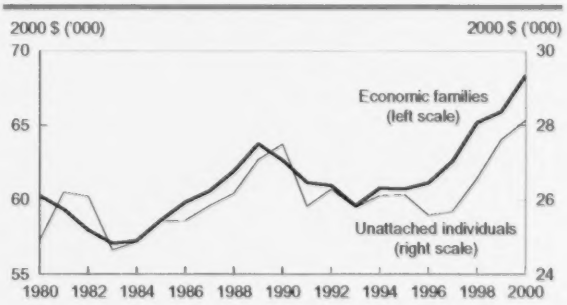
Source: Survey of Labour and Income Dynamics, 2000

At least some of the changes are likely related to increased benefits from government programs (for example, the National Child Benefit) rather than improved labour market conditions. Among recipients of child tax benefits, the amount received from federal and provincial sources rose from an average $1,700 in 1996 to $2,100 in 2000—an increase of about 21%.

Total income

When all income sources were considered, Canadian families received an estimated $68,300 in average total income in 2000—an increase of 3.7% from 1999, and 14.6% since the 1993 low. Average total income for unattached individuals was $28,100—an increase of 1.9% from 1999, and 9.0% since 1993.

Chart C: Average total income



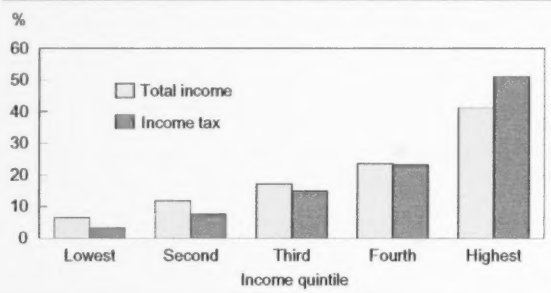
Sources: Survey of Consumer Finances, 1980-1995; Survey of Labour and Income Dynamics, 1996-2000

Income taxes increased

In 2000, Canadian families paid an average $13,600 in income taxes, up $840 or 6.5% from 1999 (after adjusting for inflation). Unattached individuals paid $5,200, up 1.2%.

In 2000, families in the highest after-tax income quintile paid $34,700 in income taxes, or just over half (51%) of total income tax. Their shares of aggregate market income and total income, however, were 44% and 41% respectively. Families in the bottom quintile paid an average $2,200. At 3.3% of the total income tax collected from families, this amount was not much less than their 3.8% share of aggregate market income, but approximately half of their share of total income (6.5%). This is because many government transfers, particularly those targeted at individuals or families with very low income, are non-taxable.

Chart D: Shares of total income and income tax



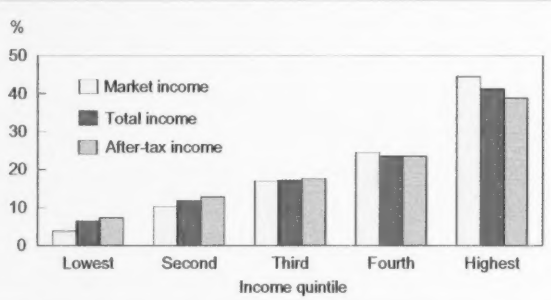
Source: Survey of Labour and Income Dynamics, 2000

Fifth consecutive rise for after-tax income

After-tax income continued its upward trend for the fifth year in a row. After adjusting for inflation, average after-tax income for families of two or more rose to $54,700 in 2000, up 3.0% from 1999. This increase followed the same trend as market income and total income, which rose by 4.5% and 3.7% respectively. Average after-tax income of unattached individuals was $23,000 in 2000, up 2.0%.

Female lone-parent families recorded the largest percentage increase in after-tax income. In 2000, their average after-tax income was $29,100, up 8.4% from 1999. Families in which the main income earner was under 65 received 3.4% or $1,900 more. However, for the first time since 1996, the average after-tax income for elderly families decreased. At $39,200, it was 1.0% lower than in 1999.

Chart E: Income shares after transfers and taxes



Source: Survey of Labour and Income Dynamics, 2000

Government transfers and taxes reduced disparities

In 2000, the average family received $6,700 in transfers and paid $13,600 in taxes, for a net contribution of $6,900, or 11% of their income before transfers and taxes. In other words, families retained 89% of their market income. At 80%, the proportion of after-tax income to market income was the smallest for two-earner, married couples without children. At the other end of the spectrum, the ratios for families whose main income earner was a senior or a female lone parent were 143% and 119% respectively. In other words, these families received more in transfers than they paid in taxes.

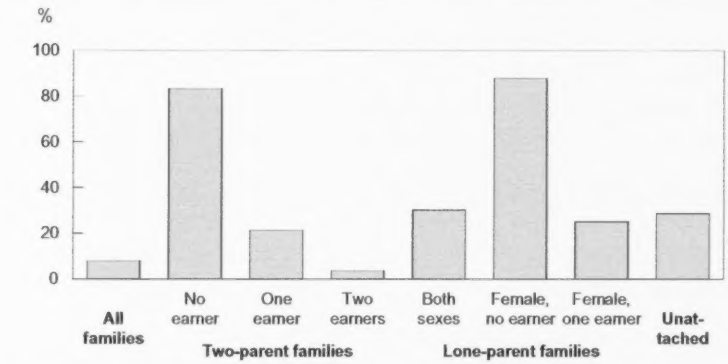
Personal income taxes and government transfers reduced the disparities in income between the various types of families. While the average market income for elderly families was 41% that of non-elderly families, the ratio climbed to 69% for after-tax income. This last ratio has been dropping since 1995 when it was at 81%. The market income of female lone-parent families was 33% that of two-parent families with children, but it increased to 48% after transfers and taxes.

Similarly, transfers and income taxes reduced differences in average income between dual-earner and single-earner families with children. In 2000, the market income of families with one earner was 65% that of families with two earners. After taxes and transfers, the ratio rose to 71%.

Fewer families in low income

The after-tax low-income rate for families declined from 8.6% in 1999 to 7.9% in 2000, the lowest since 1989 (7.5%). In absolute terms, an estimated 666,000 families were in low income. This was the fourth consecutive year of decline in the low-income rate, reflecting the improving economic conditions in the second half of the decade.

Chart F: Families in low income



Source: Survey of Labour and Income Dynamics, 2000

Although the low-income rate dropped from 1999 to 2000, the overall financial situation of families below the low-income cutoff remained about the same. Families in low income would have needed an additional $6,700 in after-tax dollars to reach the low-income cutoff. In relative terms, the gap was 30.7% of the low-income cutoff.

Lone-parent families showed a significant decrease in their low-income rate, from 34% in 1999 to 30% in 2000. Of the 531,000 female lone-parent families, 34% were in low income in 2000, down from 38% in 1999. Four of every five female lone-parent families had earnings in 2000. While the low-income rate of female lone-parent families with one earner was over three times the average for all families (25% versus 8%), they fared much better than those without earnings; 88% of the latter experienced low income in 2000.

In 2000, 10.9% of all Canadians were living in low income (about 3.3 million persons), down 0.8 percentage points from 1999. After climbing throughout the early 1990s, the low-income rate peaked in 1996 at 14% before declining. About 868,000 children under 18 lived in low-income families in 2000, down from 940,000 in 1999. The proportion of children in low-income families has been falling since 1996, when it last peaked at 17% on an after-tax income basis. In 2000, the percentage of low-income children fell to 13%—among the lowest recorded over the past 20 years.

Just over half of the children in low-income families lived in two-parent families. However, at 8.5% in 2000, the low-income rate of children in these families was much lower than that of children living in female lone-parent families (38%).